

REPORT ON THE SPANISH ECONOMY

Antoni Espasa, Laura de Pablos and
Ignacio Peña

November 1993



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THE SPANISH ECONOMY: PERSPECTIVES AT THE END OF 1993.

8th October 1993

Antoni Espasa¹,
Universidad Carlos III de Madrid,
Madrid, Spain.

As a result of the general elections a new government was formed in Spain in July 1993. During the last months the new government has been engaged in deciding the lines upon which the budget would be made. As mentioned in the previous report published in July, the public deficit is one of the main disequilibria in the Spanish economy and a careful examination of the amount involved and the efficiency obtained in each expenditure item was required. Partly in this direction the new team in the Minister of Economic Affairs in Spain has designed a restricted budget in which the total amount of expenses for 1994 would be 1.3% less than the expected expenses in 1993. With an increase of 3.9% in the expected revenues the resulting deficit for 1994 would be of 5.2% in terms of GDP. This percentage is obtained assuming an increase of GDP of 1.3% at constant prices, which certainly is an optimistic assumption. Even so, the deficit would just drop from 6.2% -expected figure for 1993- to 5.2% which still would be higher than the percentage deficit registered during each one of the years between 1990-1992.

The accomplishment of these measures could reduce the uncertainty existing around the Spanish economy and could create new expectations but, in the very short run, the Spanish economy would be evolving according to the dynamic forces already in operation. Thus during the second quarter of 1993 the decline in industrial production in Spain has continued at rates slightly higher than those forecasted in the previous report. This means that the industrial production in Spain was decreasing around 7% at the beginning of 1993 and around 5% at the end of the second quarter with a forecast of a 4.3% decrease in the near future. This deterioration of the industrial production with respect to the previous forecasts has taken place both in the consumption and equipment sectors, with forecasted rates of change of -4.5% and -7.2%, respectively, at the end of 1993. The annual rates used

¹ This article will appear in Economic Forecasts, November 1993.

here correspond to the trends of the corresponding industrial production indexes. In what follows the rates of variation in trends will be called underlying rates.

Analyzing the production in other sectors of the economy through the employment figures one could say that the building sector is destroying employment all through 1993 at an underlying annual rate around 7.5% which is worse than previous forecasts, and is expected to continue in the near future. The service sector was destroying employment at a rate of 1.5% early in 1993 and could end up the year at a zero rate of growth which implies a slight improvement with respect to the previous forecasts. With all this the destruction of employment in the whole Spanish economy will pass from an underlying rate of 4.5% in the first quarter of 1993 to a rate of 2.9% at the end of the year. This implies that unemployment at the end of 1993 would be of 3.6 millions, which would represent 24.5% of the working population.

With respect to the foreign sector the three devaluations of the peseta which have occurred since September 1992 have depressed the Spanish nominal imports which have passed from an underlying annual rate of growth of 11% in the first part of 1992 to a negative rate in the first months of 1993 and could end up this year with a zero rate of growth. On the other hand, the nominal exports which were experiencing underlying rates of growth of 7% before the first devaluation were increasing at rates of 16% in June 1993. Given the relative contention of prices this evolution in the nominal foreign trade is having real effects and it will have a positive contribution of more than 2.5 percentage points in the annual rate of variation of the Spanish GDP in 1993.

In fact, due to the important depression that the Spanish economy is enduring, the 21% devaluation of the peseta since September 1992 has only induced at most an increase of 0.7% percentage points in inflation. Thus, the underlying inflation measured through the trend of the consumer price index has been quite stable around 4.8% during 1993, which is about 0.7 points greater than the underlying inflation at the end of 1992. Nevertheless these inflation rates are still too high, but if the government implements a zero rate of growth for salaries in the public sector and if in the private sector salaries don't grow more than 2%, as recommended by the government, then inflation at the end of 1994 could be around 3.5%.

Table 1

COMPONENTS OF REAL GDP

% change

	Observed values				Forecasts			
	1992		1993				1992**	1993**
	<u>III*</u>	<u>IV*</u>	<u>I*</u>	<u>II*</u>	<u>III*</u>	<u>IV*</u>		
Private Consumption	0.1	-0.4	-0.8	-1.0	-1.2	-1.0	2.1	-2.4
Public Consumption	0.7	0.6	-0.5	1.0	0	0.3	3.8	1.1
Fixed Investment	-2.7	-3.5	-2.2	-2.3	-2.0	-1.5	-3.9	-9.4
Domestic Demand	-0.2	-1.0	-1.6	-0.8	-0.9	-0.7	1.1	-3.6
Exports	1.3	1.1	2.5	1.8	2.7	2.4	6.7	7.8
Imports	0.9	-1.0	-2.8	-1.1	-0.5	-0.1	6.6	-3.6
Gross Domestic Product	-0.2	-0.6	-0.4	-0.1	-0.2	-0.1	0.8	-1.1

* Quaterly rates

** Annual rates

implementing prescriptions that although could be considered required are unpopular, like the reduction in net unemployment benefits. With this orientation it has been planned that the expenses in infrastructure increase 9.8% in 1994 and the other expenses decrease 1.75%. These budget modifications being important are not enough and more radical ones related with public employment and the status and productivity of the public employees together with the kind, extent and financiacion of the welfare state, would be necessary to consider in the near future. But it is very important that the budget goals should be achieved in order to show that there is no ambiguity from the government side on the management of the economy and to stimulate an improvement of expectations which induces an increase of foreign investment in Spain.

Under the previous considerations the worst moment of the present crisis in Spain could have happened in 1993, and negative rates of variation in GDP could not be experienced during 1994. A positive growth for this year is also possible but it would required a reduction in inflation of no less then 2 percentage points from its present level in order to increase the competitiveness of the Spanish products, and also that social changes in the job market and the fulfillment of the budget prescriptions really create new and firm expectations for investment, which could push up domestic demand till finally private consumption recovers. On the other hand a failure in reducing inflation and a deficit for 1994 greater than the 5.2% planned could impel a new devaluation of the peseta and a loss of credibility from foreign investors which could submerge the Spanish economy in a longer recession.

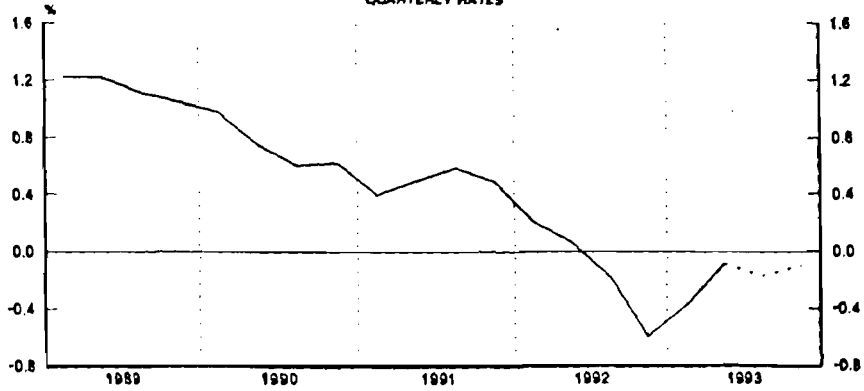
The implications of the previous analysis on the macroeconomic aggregates are shown in table one, where the reader can see that the consumption is going to continue being highly depressed in 1993 with quarterly rates of variation around -1.0%. At the same time, fix investment will continue decreasing but with more moderate rates than in previous quarters. As a result of all this, domestic demand in Spain will decrease 3.6% in 1993 and only the positive contribution of the foreign sector will make that the decrease in GDP would be kept to 1.1% this year.

Fix investment is the component of the domestic demand which is experiencing higher negative rates of variation and for longer time. This situation has been related with the uncertainty and bad expectations existing during the last two years about the Spanish economy and with high interest rates. Ex-ante real interest rates in Spain have fallen five points along 1993, but still they are too high with values between 4.5 and 5.5%. Reductions in interest rates in Spain depends on the interest rate movements in Europe but also on the domestic conditions. In this respect the public deficit is putting excessive pressure on the financial markets and a recovery of the investment would required that the budget measures for 1994, which are not restrictive from the deficit point of view, should be, at least, accomplished, applying more reductions on expenditures if the forecasted revenues are not obtained.

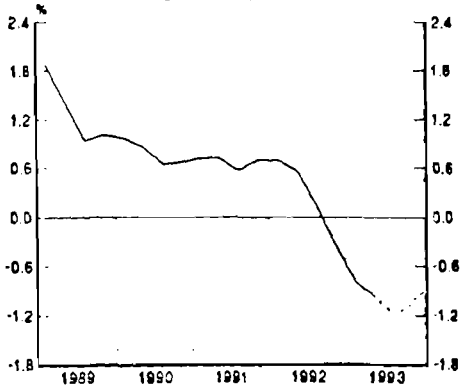
The contribution of the foreign sector to the rate of change of GDP would be reduced in second half of 1993 because the imports at constant prices could be recovering, even when maintaining negative rates of variation which in absolute values would nevertheless be lower than the corresponding negative rates in domestic demand. In order to keep and increase the positive effects of the foreign trade it would be necessary to reduce the Spanish inflation and to bring it closer to the values registered in the main European countries. This should be an aim for all the parts involved in the wage negotiation for 1994 and I am inclined to think that this will be the case. But if this is not, the loss of competitiveness should be recovered through a new depreciation of the peseta, which then should be taken with more drastic measures to curb a deteriorated inflationary process.

On the other hand, the government measures introduced in the budget for 1994 show a decision of tackling the economic problems with lesser political restrictions,

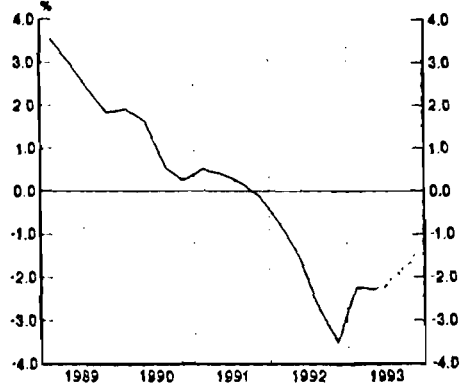
GROSS DOMESTIC PRODUCT
QUARTERLY RATES



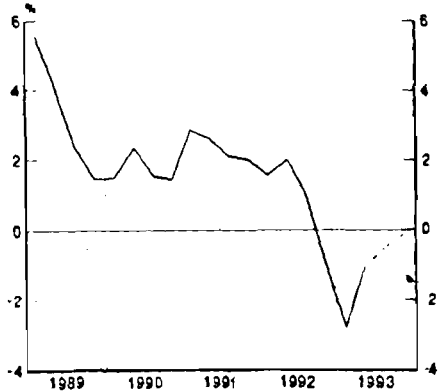
PRIVATE CONSUMPTION
QUARTERLY RATES



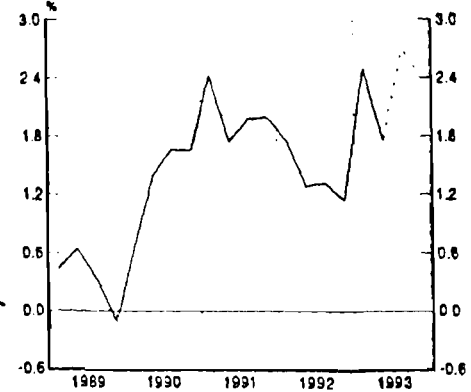
FIXED INVESTMENT
QUARTERLY RATES



IMPORTS
QUARTERLY RATES



EXPORTS
QUARTERLY RATES



—: observed values
- - - -: forecasts

QUATERLY RATES (Rates Growth of one quarter⁽¹⁾ over the previous one)

		Private consumption	Fixed Investment	Exports	Imports	Gross Domes Product
1990	I	1.0	1.9	0.7	1.5	1.0
	II	0.9	1.6	1.4	2.3	0.8
	III	0.6	0.6	1.7	1.5	0.6
	IV	0.7	0.2	1.7	1.4	0.6
1991	I	0.7	0.5	2.4	2.9	0.4
	II	0.7	0.4	1.8	2.6	0.5
	III	0.6	0.2	2.0	2.1	0.6
	IV	0.7	-0.1	2.0	2.0	0.5
1992	I	0.7	-0.7	1.7	1.6	0.2
	II	0.6	-1.5	1.3	2.0	0.1
	III	0.1	-2.7	1.3	0.9	-0.2
	IV	-0.4	-3.5	1.1	-1.0	-0.6
1993	I	-0.8	-2.2	2.5	-2.8	-0.4
	II	-1.0	-2.3	1.8	-1.1	-0.1
				FORECASTS		
	III	-1.2	-2.0	2.7	-0.5	-0.2
	IV	-1.0	-1.5	2.4	-0.1	-0.1

⁽¹⁾ They are not annualized rates

APPENDIX 1

Annual rates of growth of the components of G.D.P.^(*)

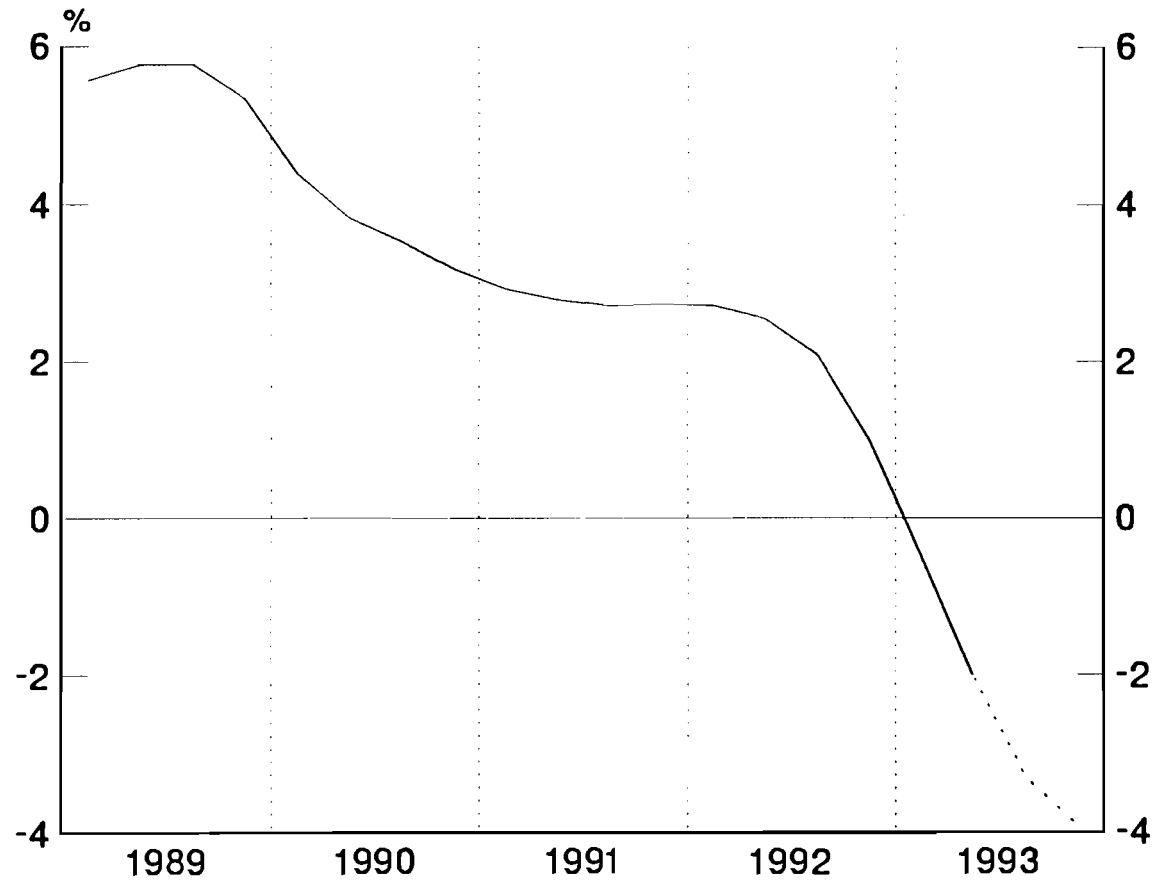
^(*) The figures referred to the III and IV quarters of 1993 are forecasts.

COMPONENTS OF REAL G.D.P.
% Change on previous year

	1992				1993				1992	1993
	I	II	III	IV	I	II	III	IV		
Private Consumption	2.7	2.6	2.1	1.0	-0.5	-2.0	-3.3	-3.9	2.1	-2.4
Public Consumption	4.8	4.1	3.4	2.8	1.5	1.8	1.1	0.9	3.8	1.3
Fixed Investment	-0.3	-2.2	-5.0	-8.2	-9.6	-10.3	-9.7	-7.8	-3.9	-9.4
Change in Stocks	7.6	33.2	47.0	27.5	-32.1	-31.3	-24.4	1.9	29.6	-20.4
Domestic Demand	2.3	1.9	1.0	-0.7	-2.5	-3.6	-4.3	-3.9	1.1	-3.6
Exports	7.7	7.2	6.5	5.6	6.4	6.9	8.3	9.7	6.7	7.8
Imports	8.5	7.8	6.6	3.5	-0.9	-3.9	-5.2	-4.4	6.6	-3.6
Gross Domestic Product	1.8	1.3	0.6	-0.5	-1.1	-1.3	-1.2	-0.7	-0.1	-1.1

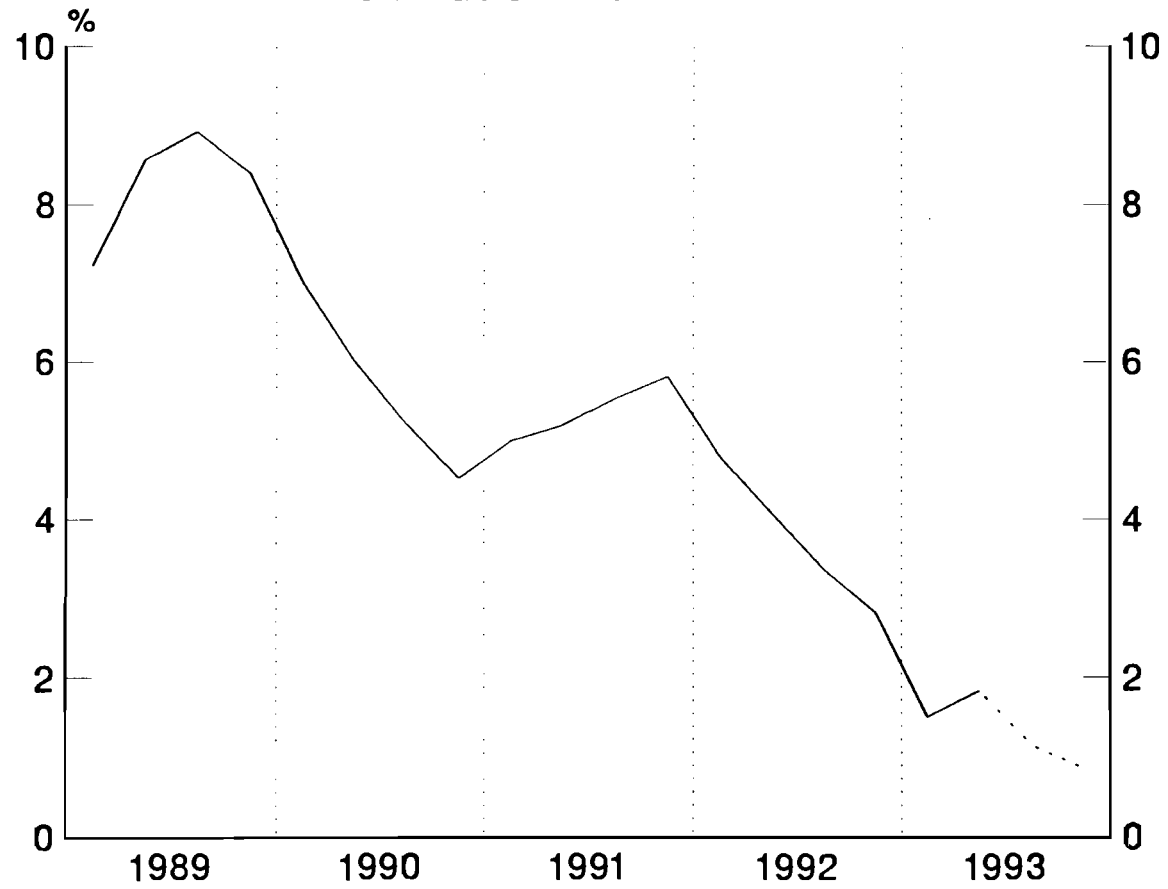
PRIVATE CONSUMPTION

CHANGE ON PREVIOUS YEAR



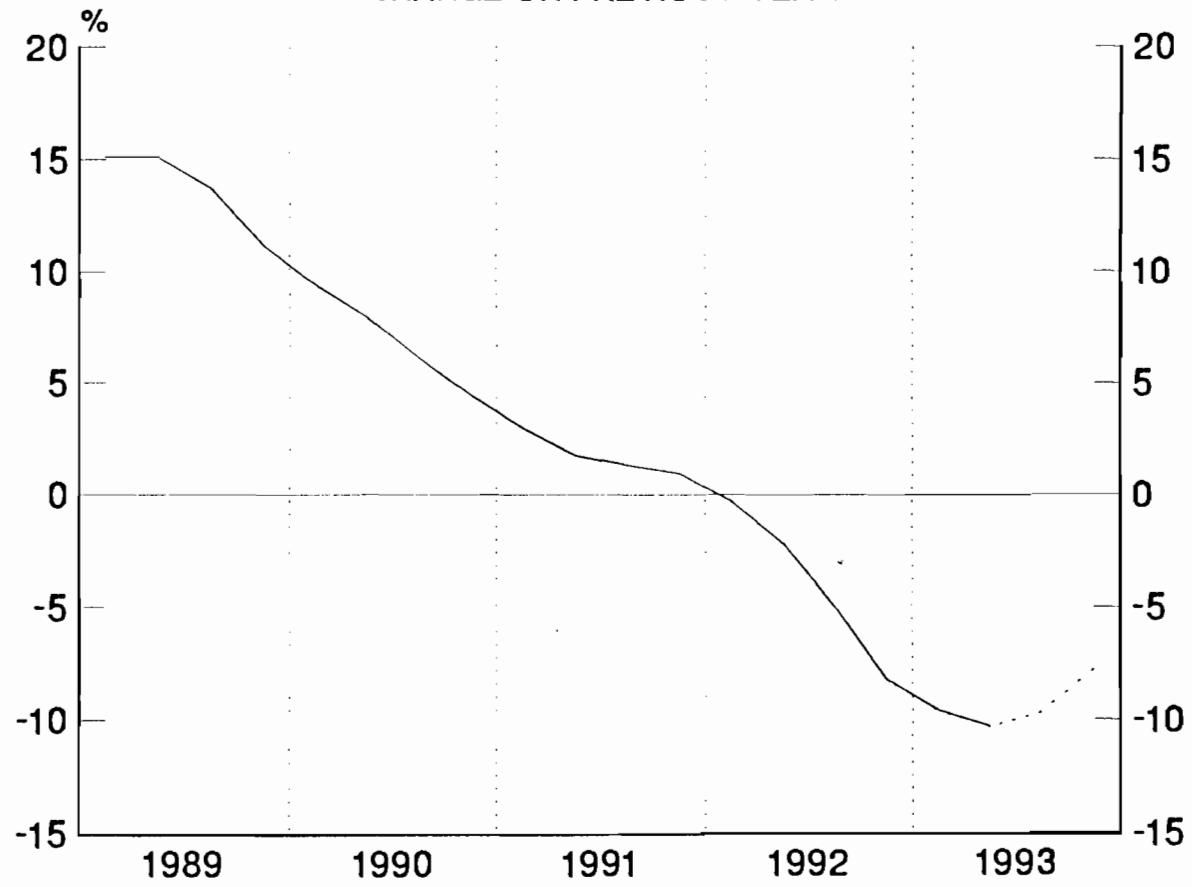
PUBLIC CONSUMPTION

CHANGE ON PREVIOUS YEAR



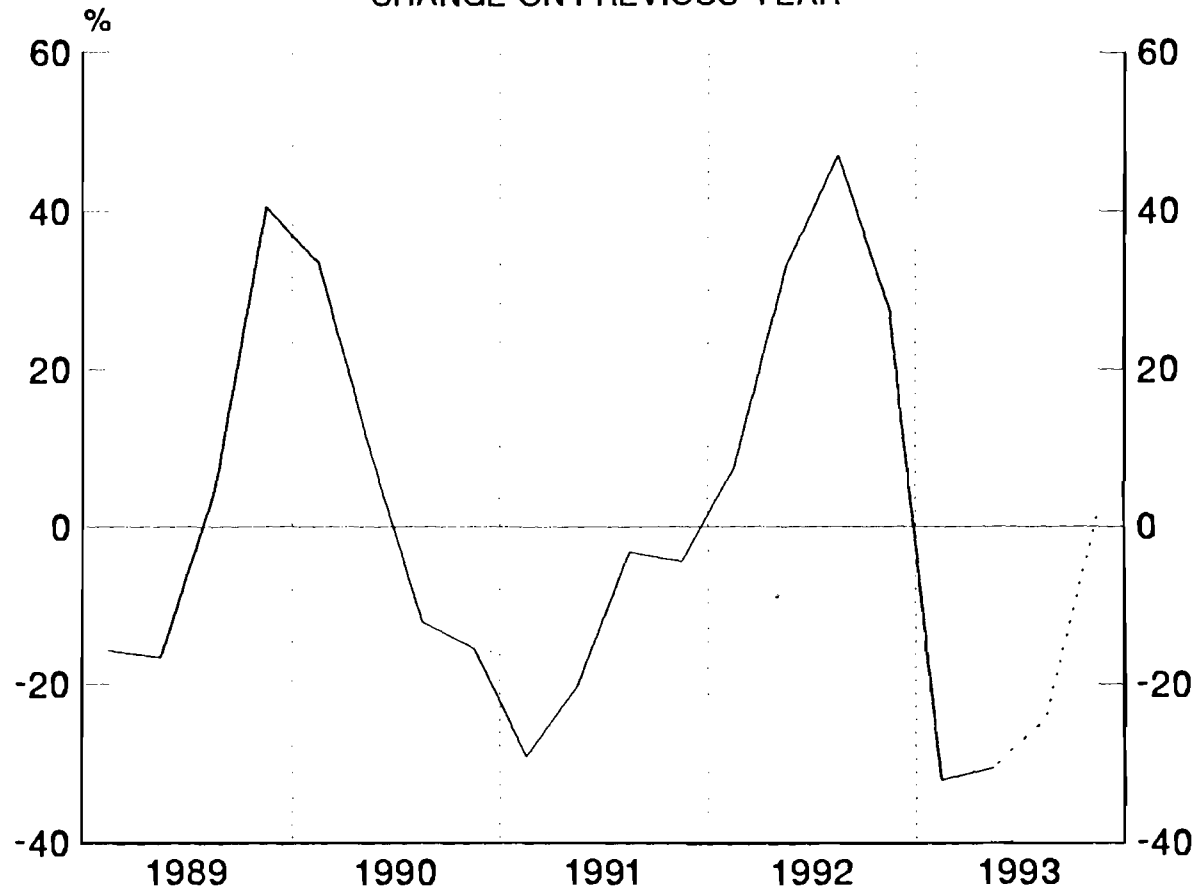
FIXED INVESTMENT

CHANGE ON PREVIOUS YEAR



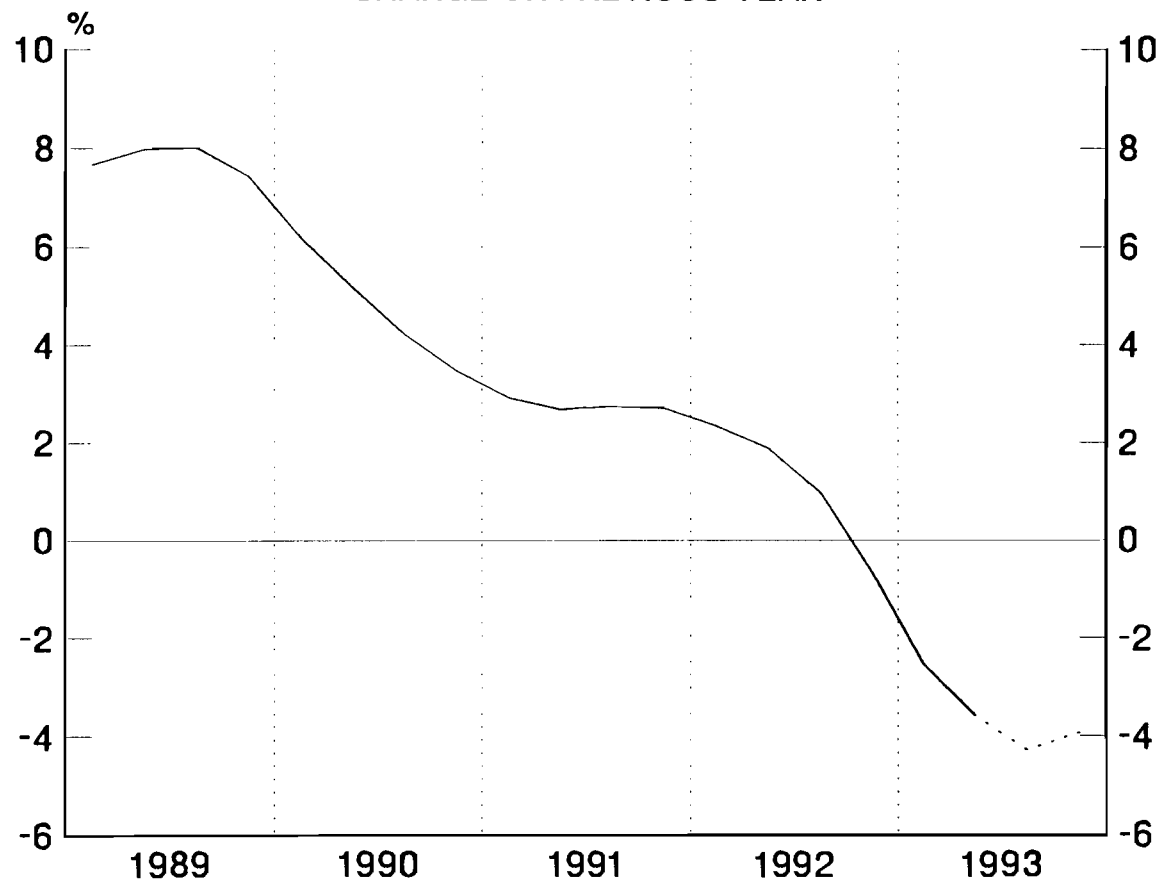
CHANGES IN STOCKS

CHANGE ON PREVIOUS YEAR



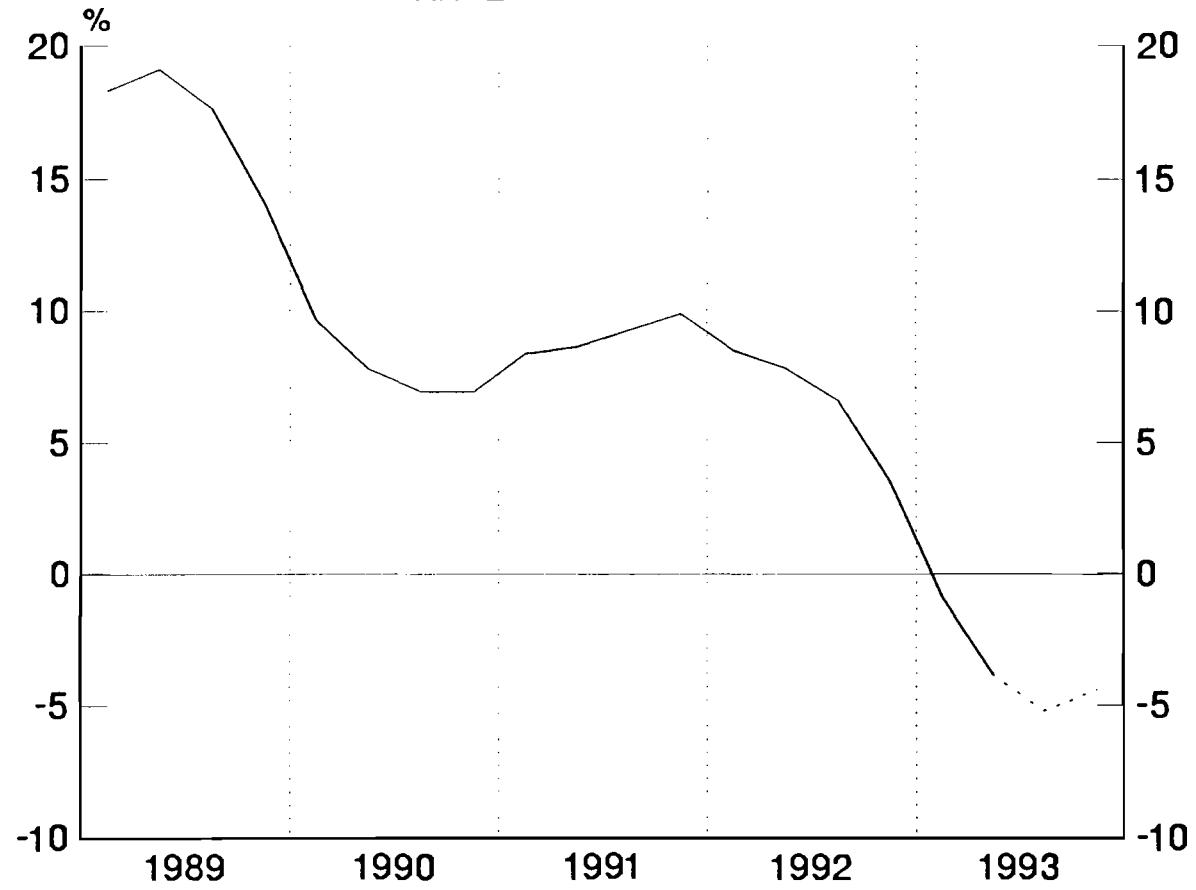
DOMESTIC DEMAND

CHANGE ON PREVIOUS YEAR



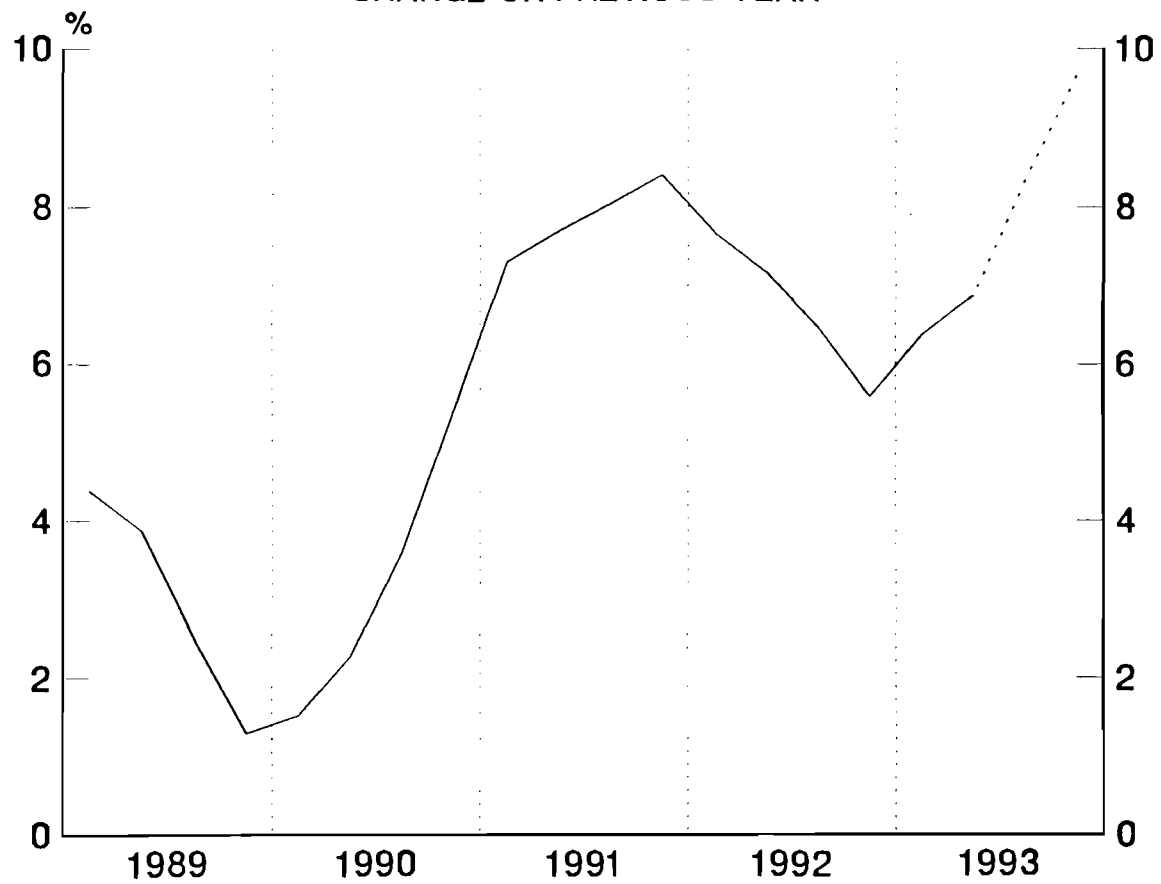
IMPORTS

CHANGE ON PREVIOUS YEAR



EXPORTS

CHANGE ON PREVIOUS YEAR



APPENDIX 2

Charts of the underlying growth of the main economic indicators

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Industrial Production Index:

- IPI
- Consumer Goods
- Equipments Goods
- Intermediate Goods

Consumer Prices Index:

- CPI
- Non Energy CPI .
- Services and Non Energy Processed Goods CPI
- Non Processed Foods CPI
- Processed Foods CPI
- Non Energy Manufactured Goods CPI
- Services CPI

Ex-Ante Real Interest Rates

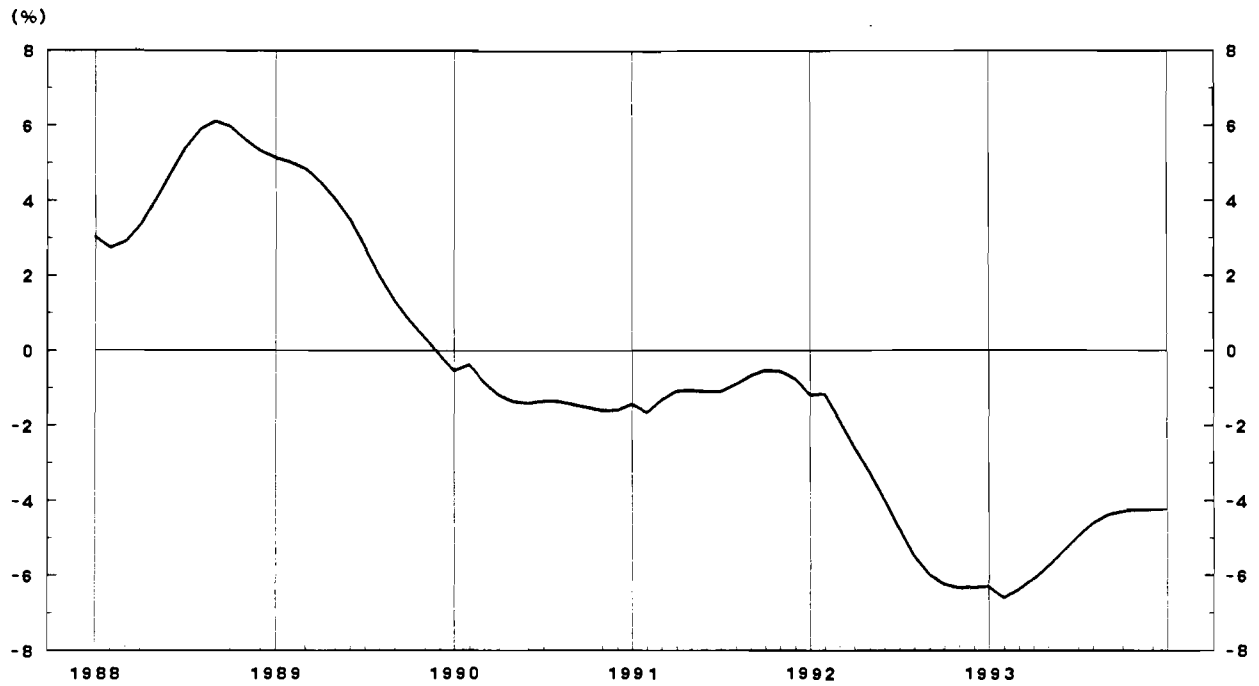
Empoyment-Unemployment

- Employment
- Non Agrarian Employment
- Industry Employment
- Construction Employment
- Services Employment
- Agrarian Employment
- Non Agrarian Unemployment

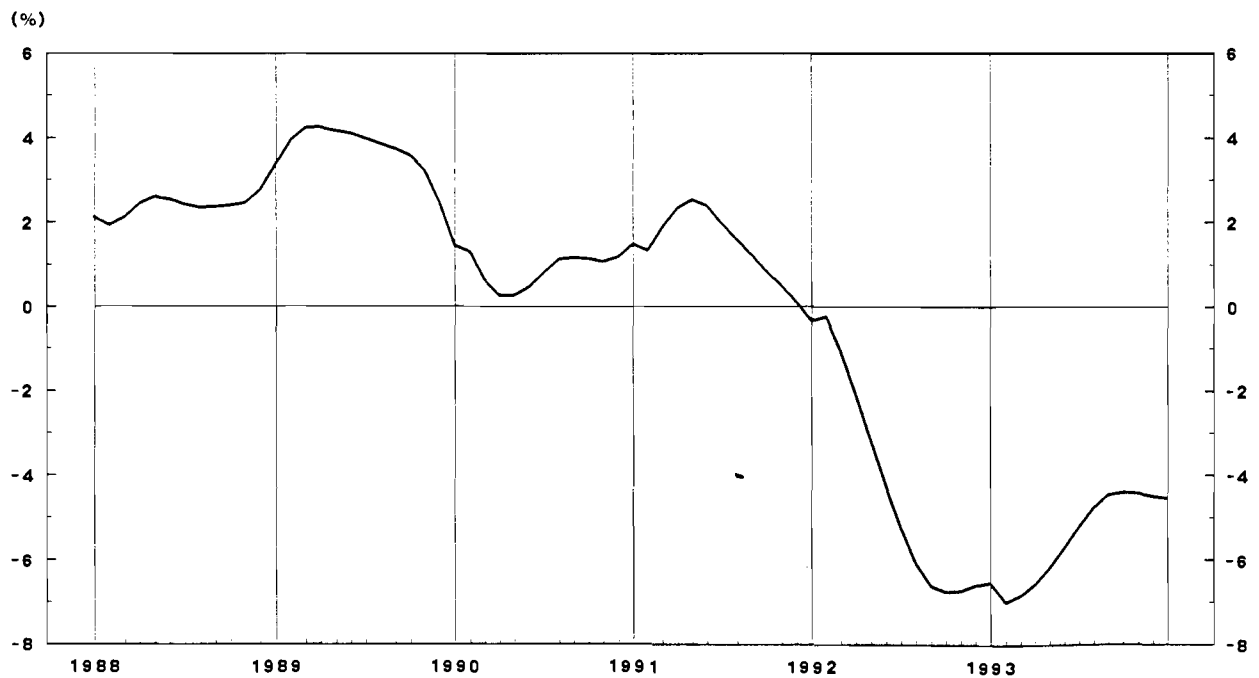
Exports-Imports

- Exports
- Non Energy Exports
- Imports
- Non Energy Imports

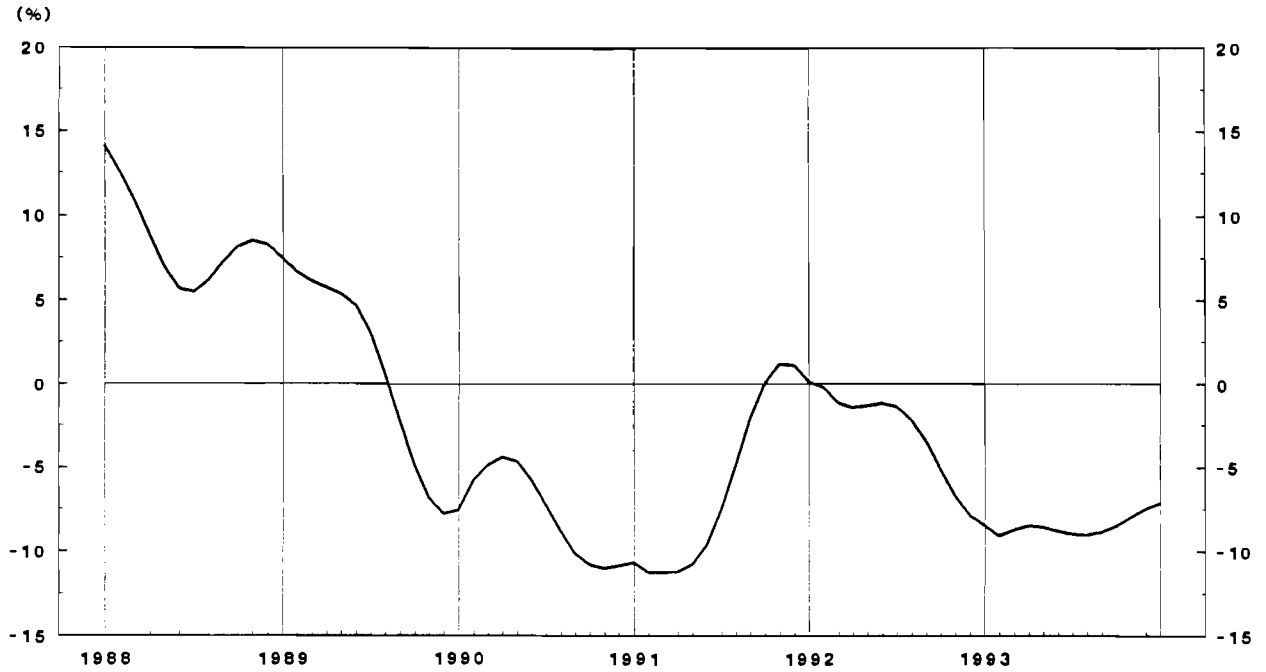
**Industrial Production Index
Underlying growth**



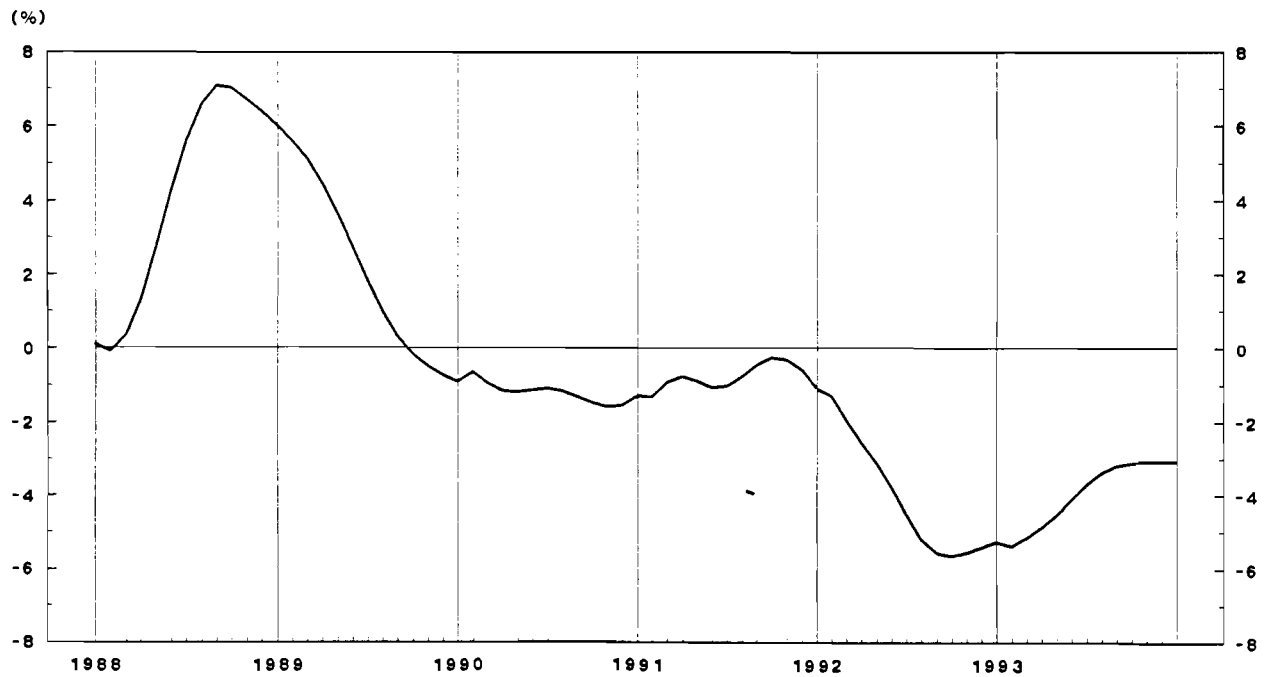
**Industrial Production Index
Consumer Goods
Underlying growth**



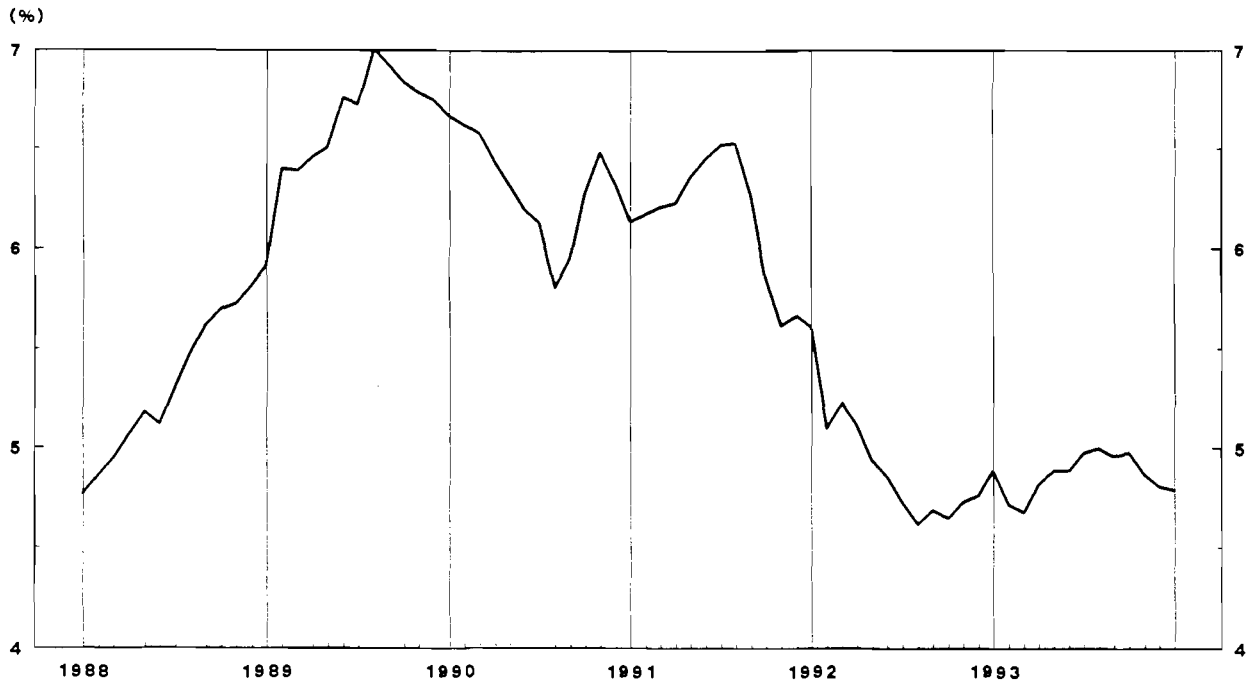
Industrial Production Index
Equipments Goods
Underlying growth



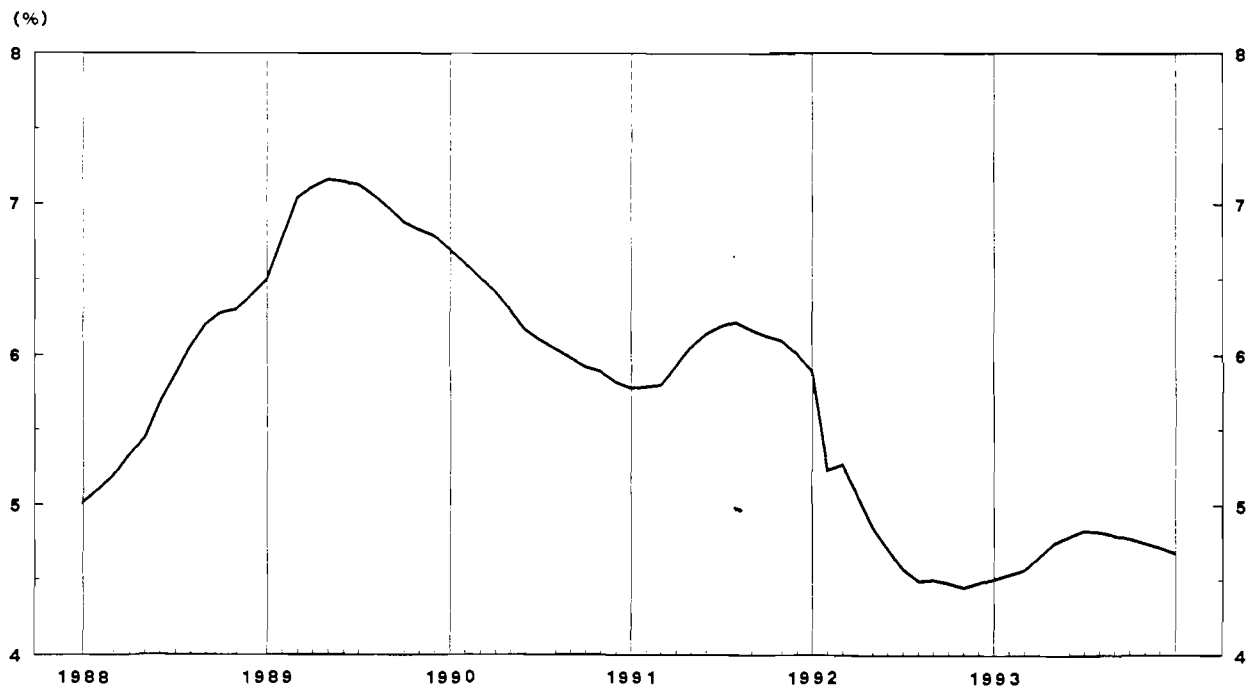
Industrial Production Index
Intermediate Goods
Underlying growth



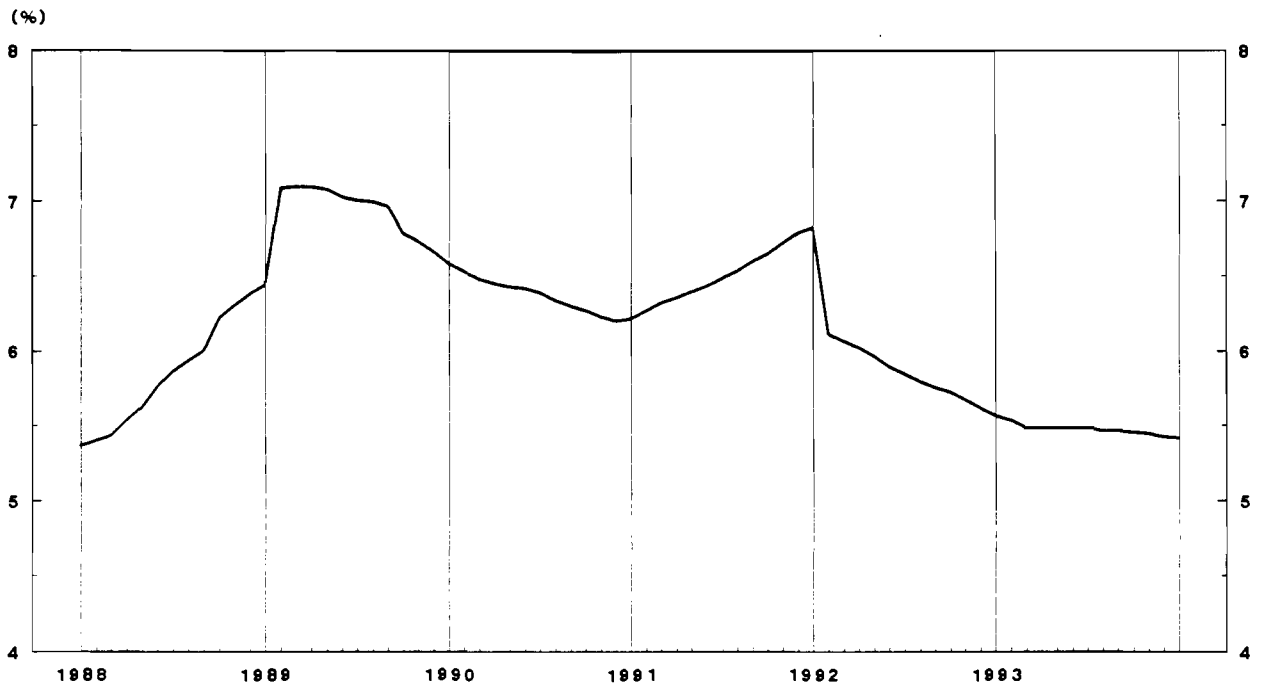
Consumer Prices Index
Underlying growth (without VAT)



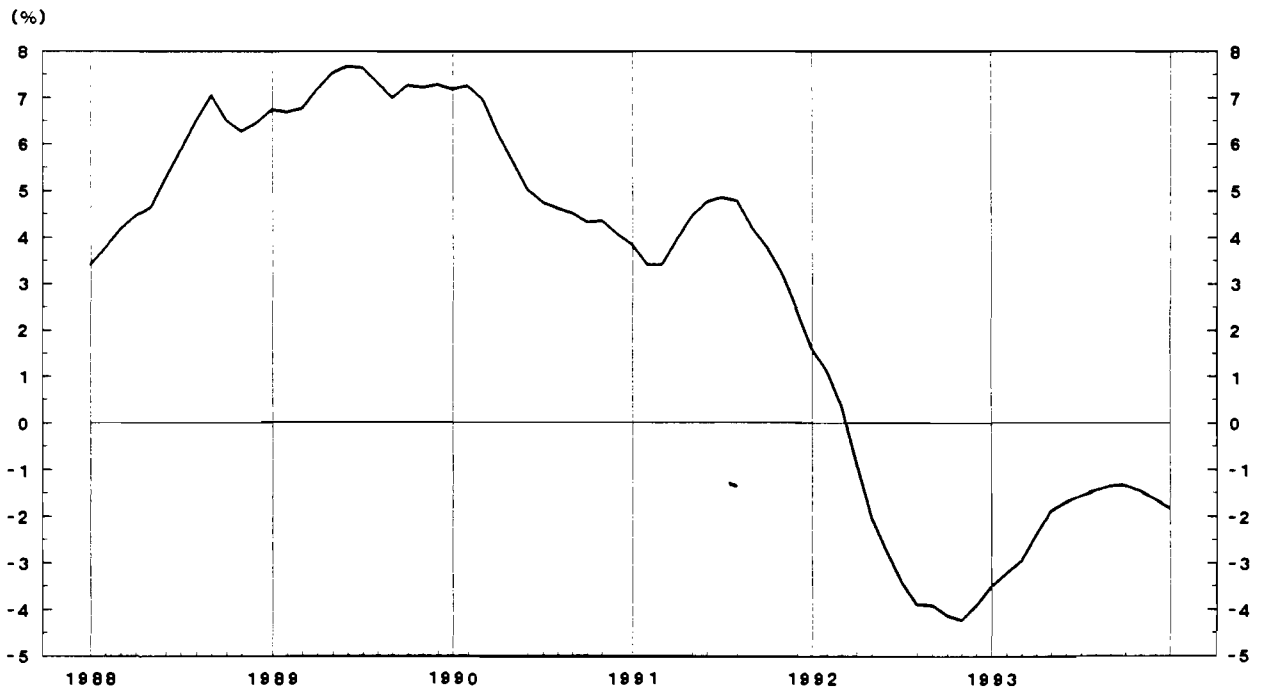
Non Energy C.P.I.
Underlying growth (without VAT)



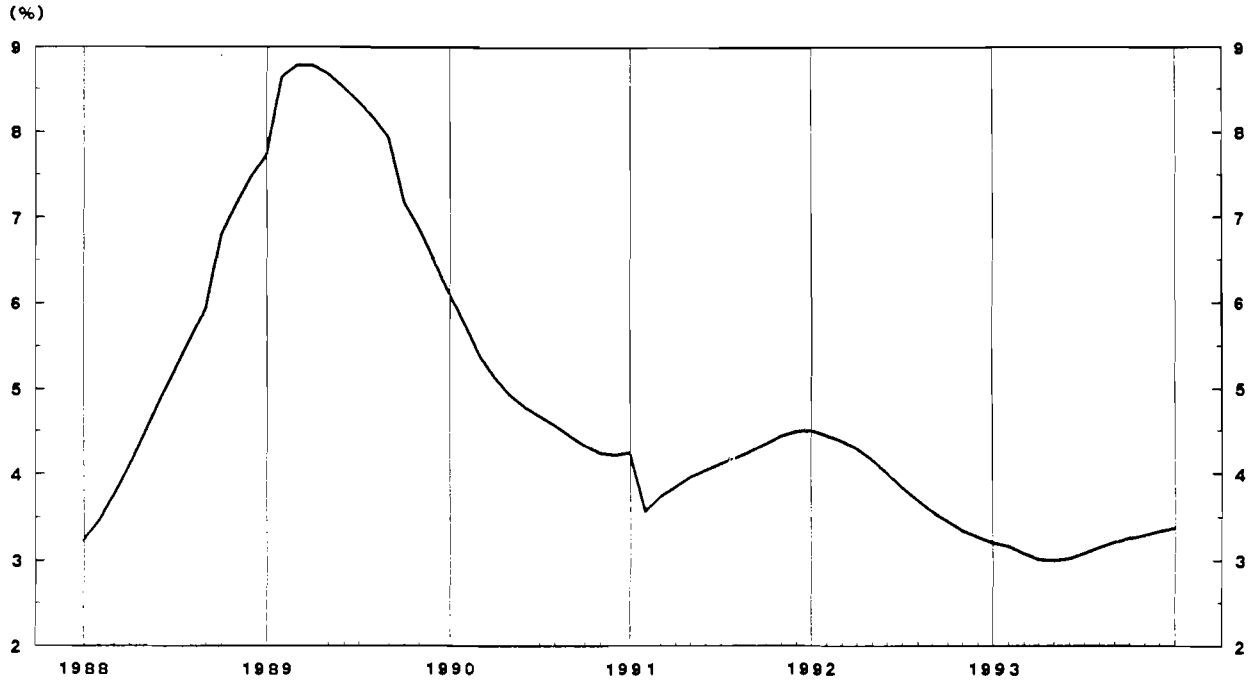
**Services and Non Energy Processed Goods C.P.I.
Underlying growth (without VAT)**



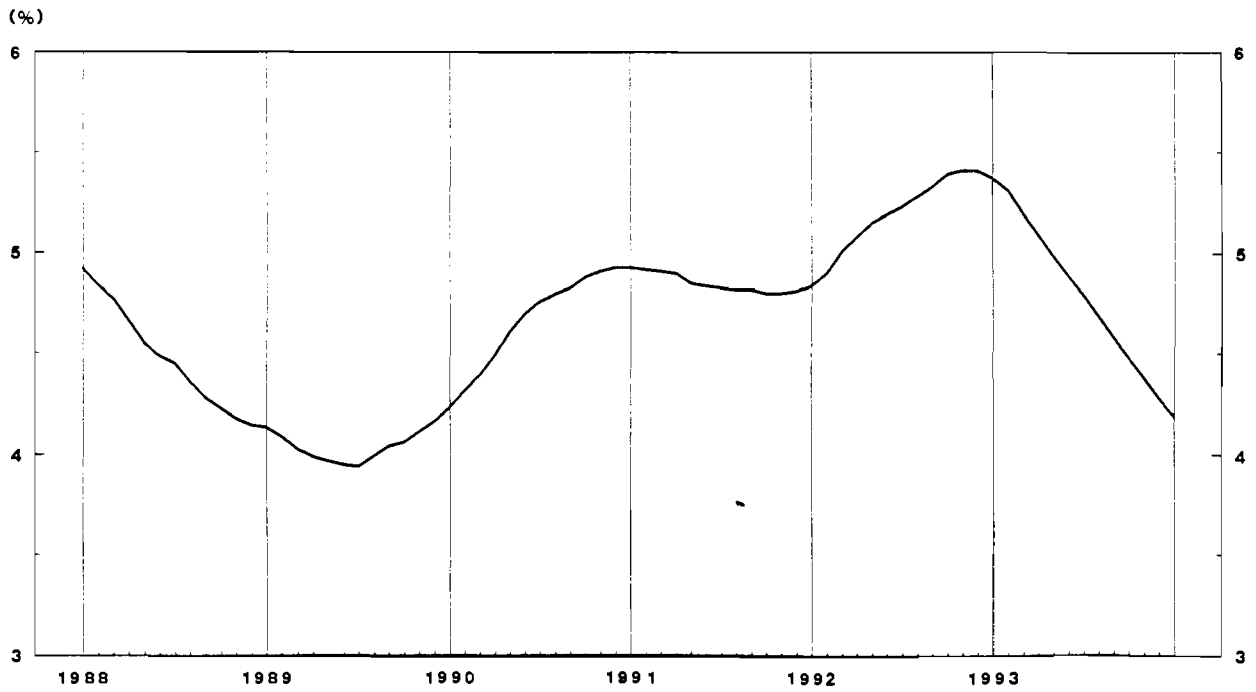
**Non-Processed Foods C.P.I.
Underlying growth (without VAT)**



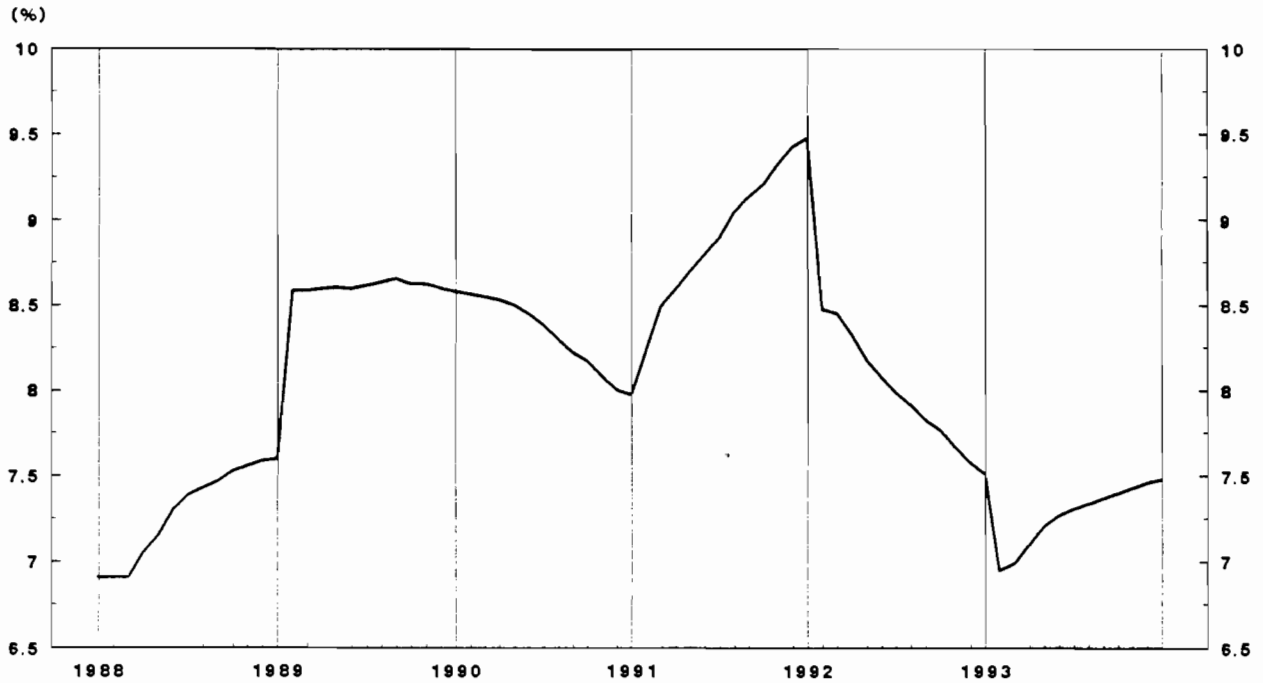
**Processed Foods C.P.I.
Underlying growth (without VAT)**



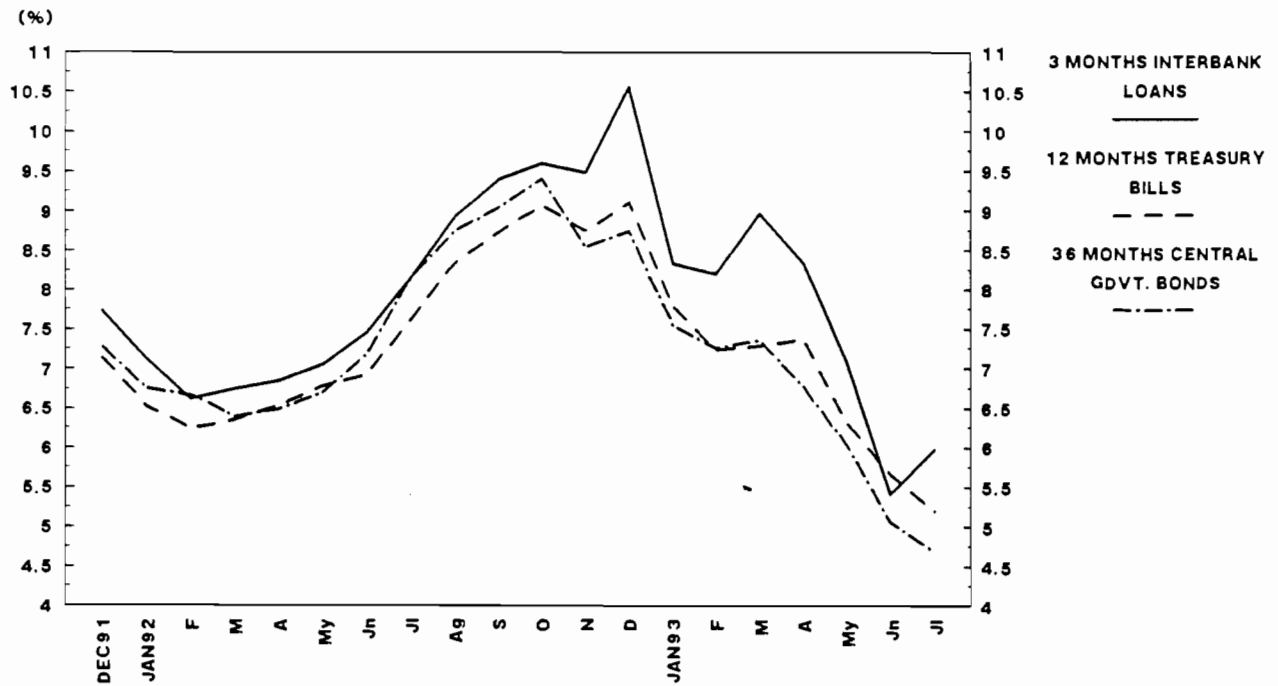
**Non Energy Manufactured Goods C.P.I.
Underlying growth (without VAT)**



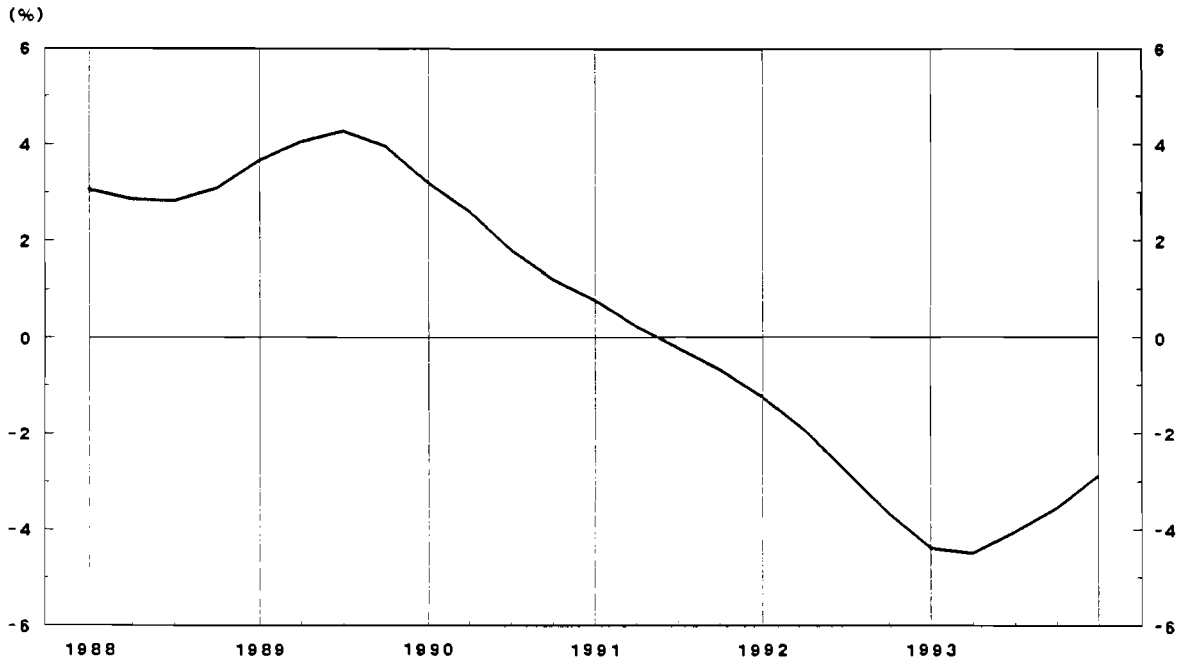
**Services Prices Index
Underlying growth (without VAT)**



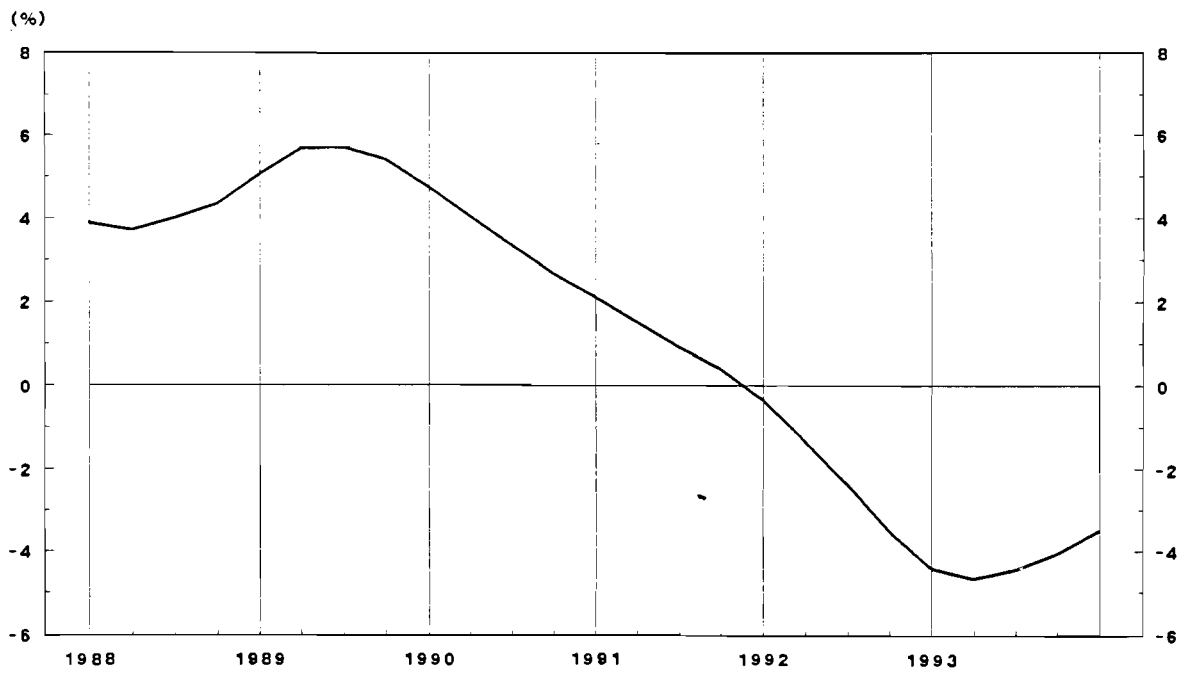
EX-ANTE REAL INTEREST RATES



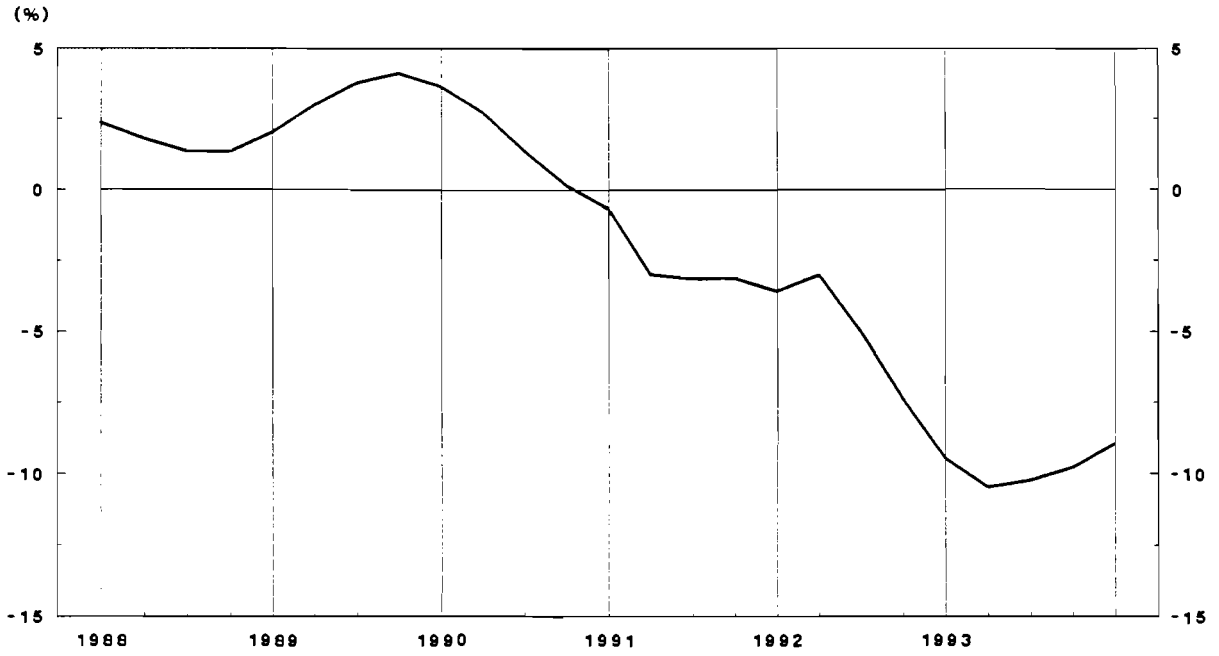
Employment Underlying growth



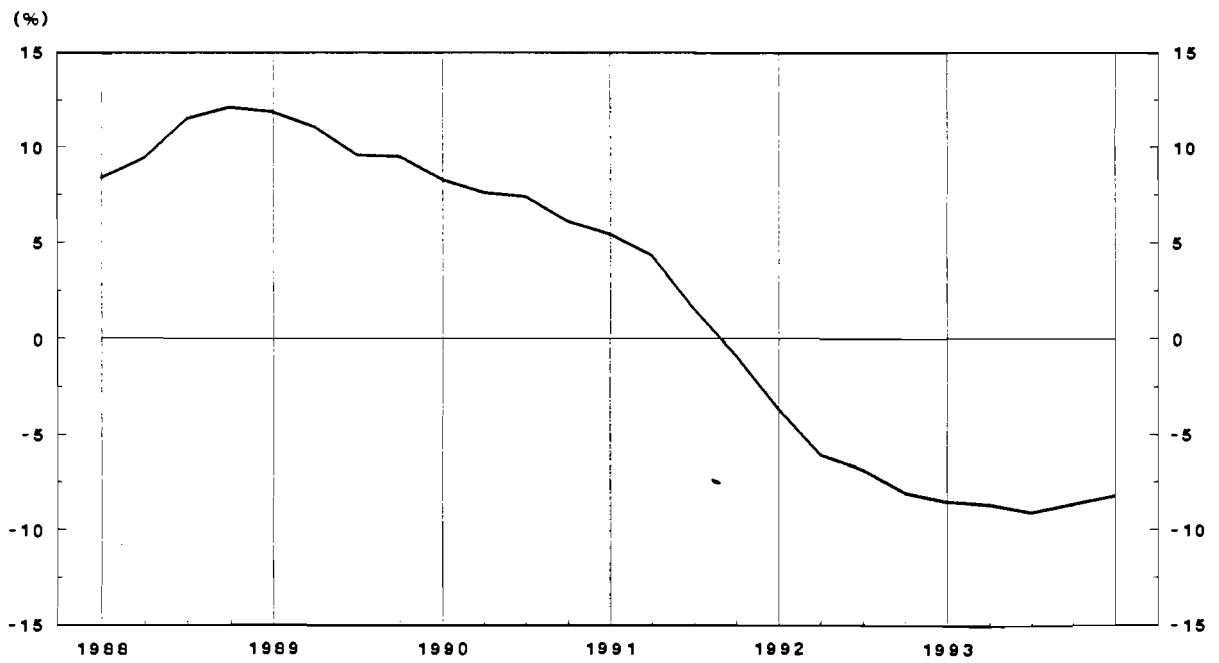
Non Agrarian Employment Underlying growth



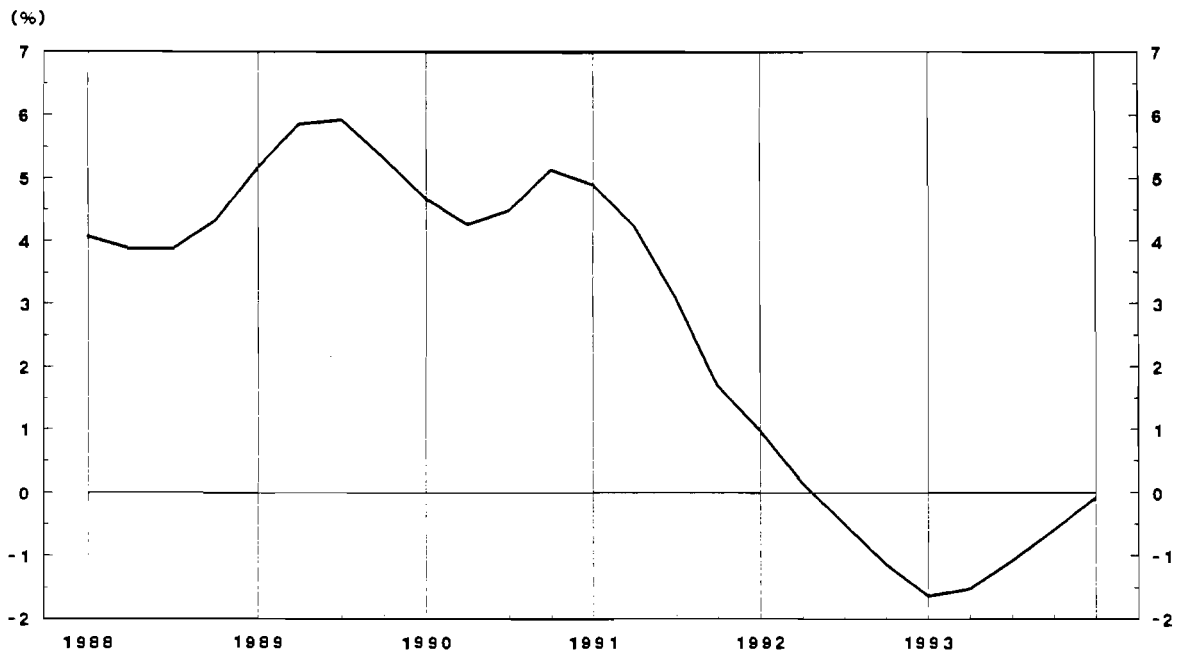
**Employment
Industry
Underlying growth**



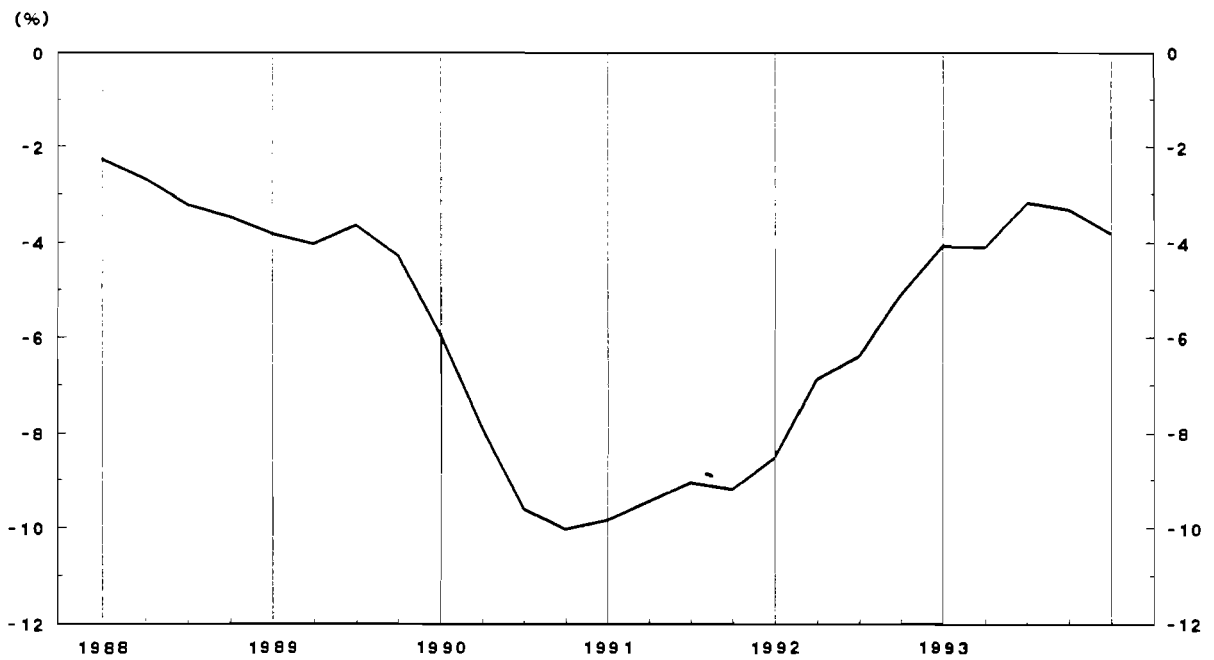
**Employment
Construction
Underlying growth**



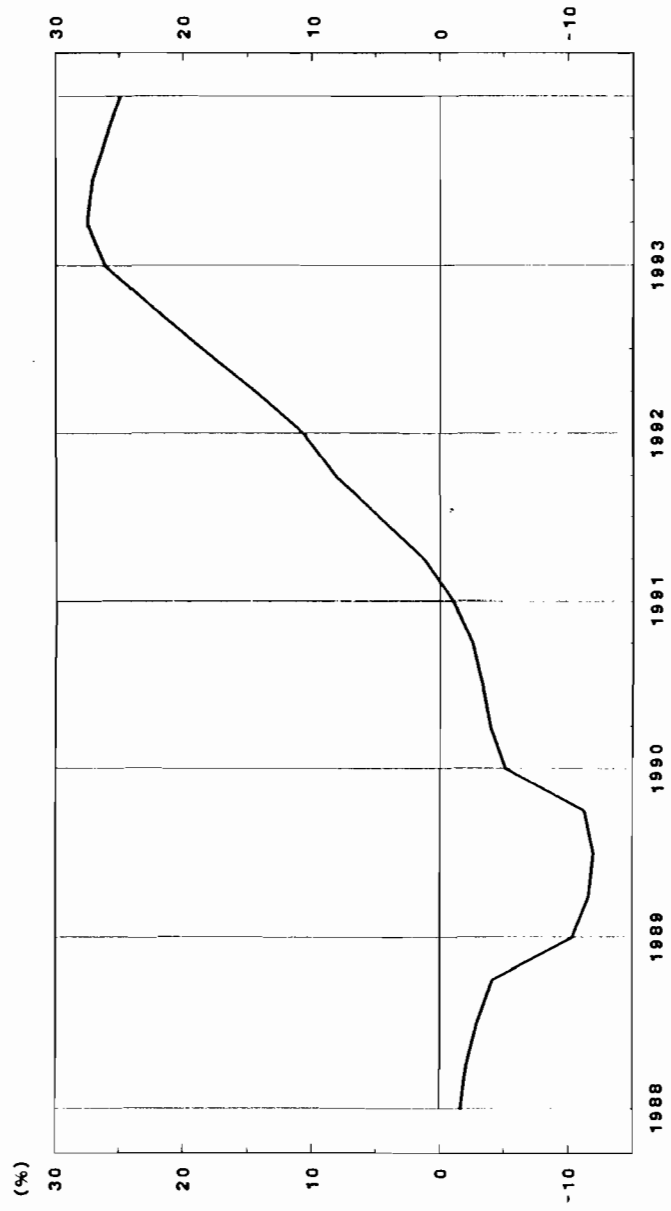
**Employment
Services
Underlying growth**



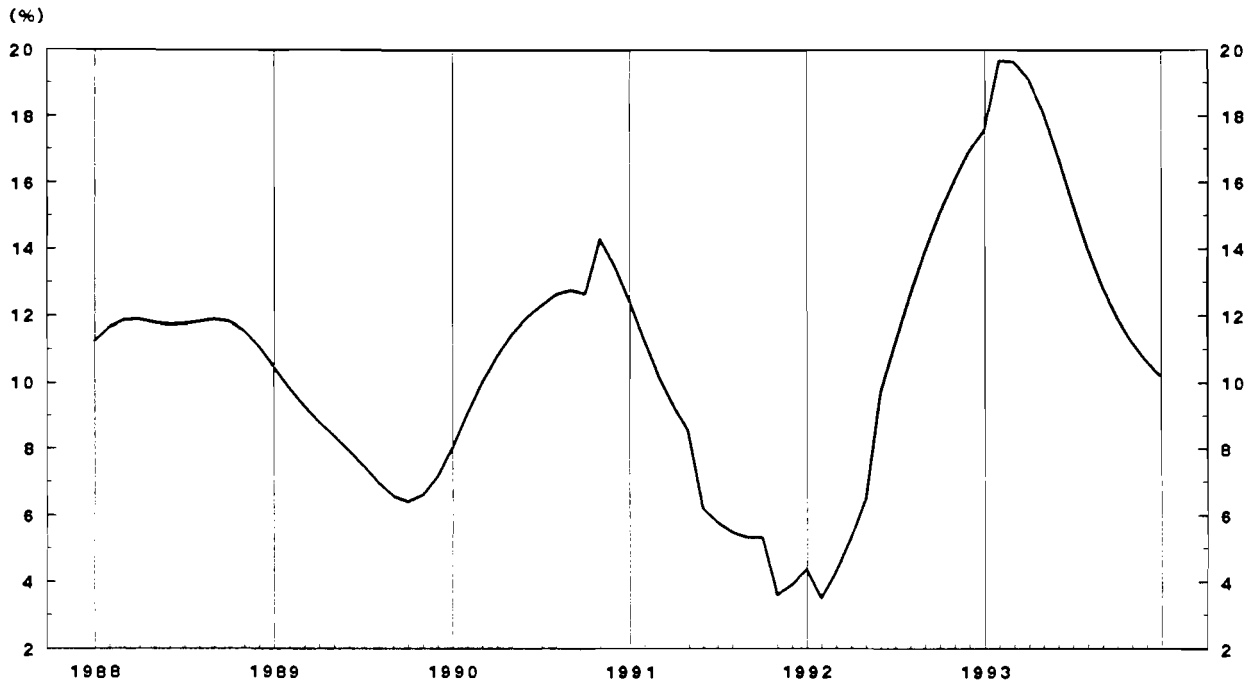
**Employment
Agrarian
Underlying growth**



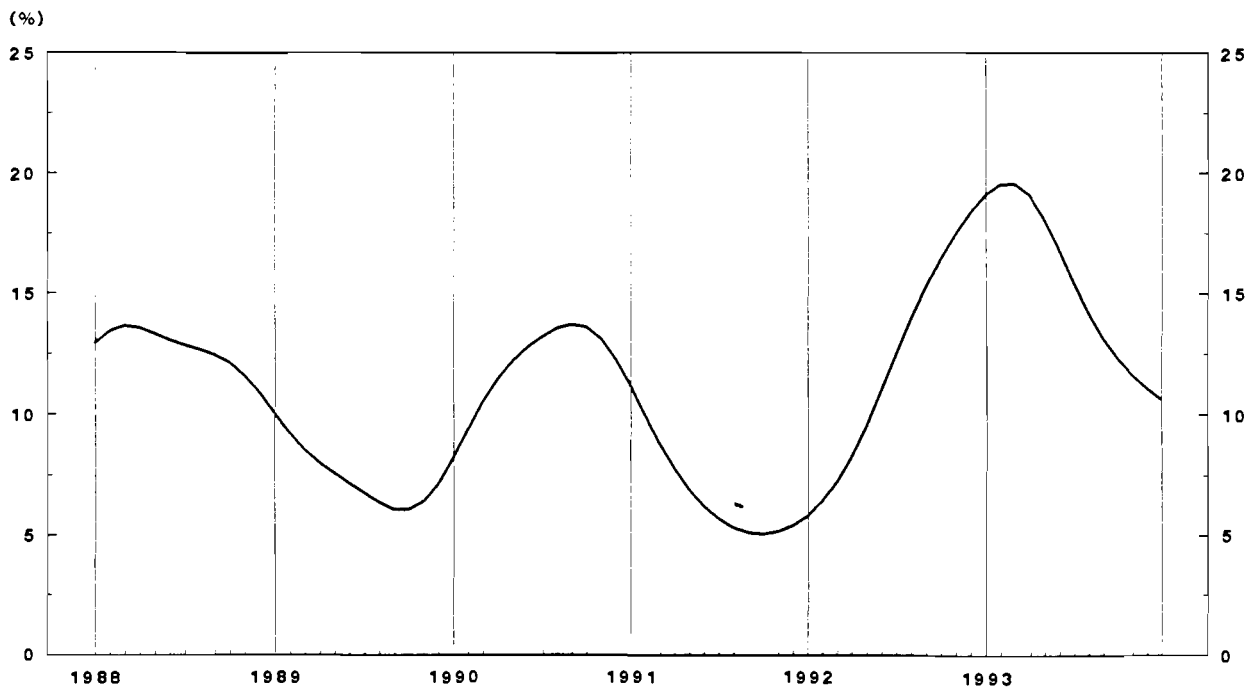
Non Agrarian Unemployment Underlying growth



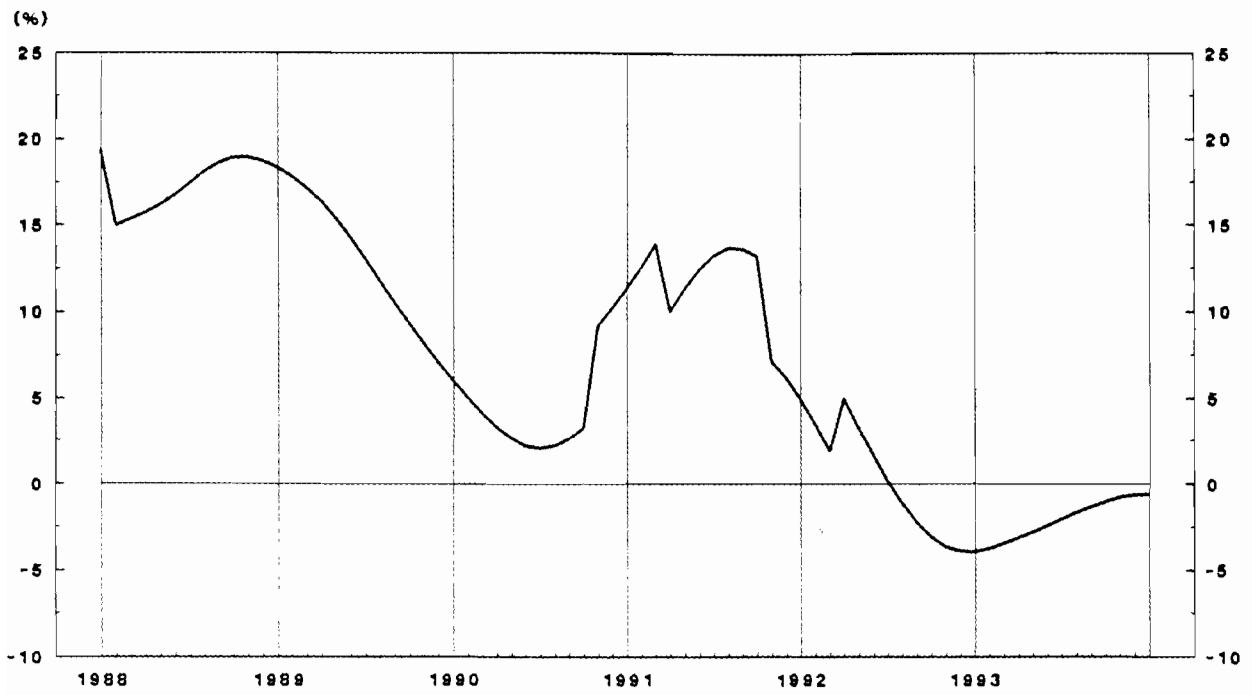
Exports Underlying growth



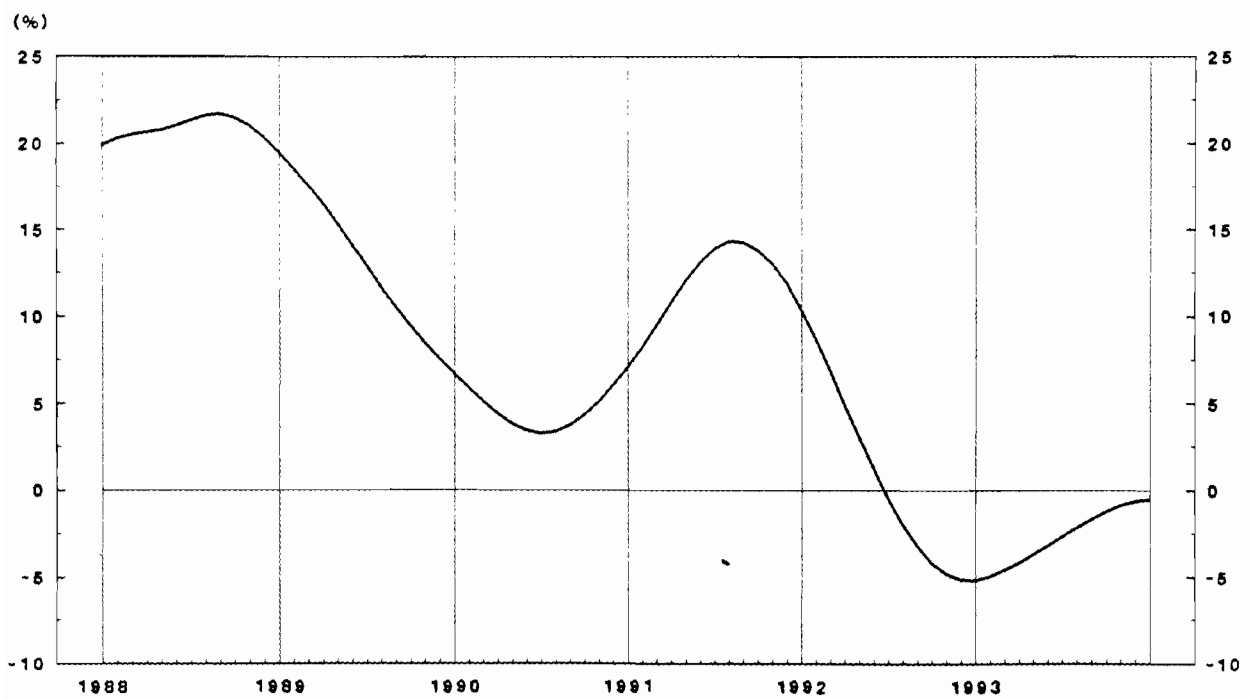
Non Energy Exports Underlying growth



Imports Underlying growth



Non Energy Imports Underlying growth



APPENDIX 3

The main economic indicators: Tables

INDUSTRIAL PRODUCTION INDEX

		Original Series	Trend	Underlying Growth		Inertia Medium-term growth expectations	Seasonal Factor
				Estimated value in t for date t	Present estimated for the whole sample		
1991	JAN	103.6	99.1		-1.6		100.32
	FEB	98.9	98.7		-1.3		100.61
	MAR	96.7	98.3		-1.1		107.09
	APR	102.2	98.1		-1.0		99.67
	MAY	104.0	98.0		-1.1		105.30
	JUN	102.3	98.0		-1.1		105.74
	JUL	104.4	98.2		-0.9		105.71
	AUG	58.9	98.4		-0.7		60.04
	SEP	102.7	98.5		-0.5		104.70
	OCT	111.7	98.5		-0.6		106.97
	NOV	105.9	98.6		-0.8		108.92
	DEC	94.9	98.6		-1.2		95.29
1992	JAN	99.7	99.1		-1.2		99.77
	FEB	100.9	99.0		-1.8		100.75
	MAR	104.6	98.8		-2.5		107.29
	APR	98.1	98.5		-3.2		99.46
	MAY	100.7	98.1		-4.0		105.10
	JUN	102.1	97.7		-4.8		105.57
	JUL	104.2	97.2		-5.5		106.02
	AUG	58.2	96.7		-6.0		60.13
	SEP	101.1	96.0		-6.2		104.97
	OCT	104.2	95.3		-6.3		106.78
	NOV	103.1	94.5		-6.3		108.78
	DEC	89.6	93.7		-6.3		95.74
1993	JAN	90.9	93.1	-5.9	-6.6	-3.8	99.29
	FEB	93.8	92.5	-5.4	-6.4	-3.7	100.93
	MAR	100.4	92.1	-5.4	-6.1	-3.8	107.53
	APR	90.6	91.8	-5.8	-5.8	-4.3	99.29
	MAY	96.5	91.5	-4.9	-5.4	-4.1	104.82
	JUN	96.7	91.2	-5.0	-5.0	-4.3	105.36

CONSUMER GOODS I.P.I.

	Original Series	Trend	Underlying Growth		Inertia Medium-term growth expectations	Seasonal Factor
			Estimated value in t for date t whole sample	Present estimated for the whole sample		
1991 JAN	102.9	99.0		1.3		101.86
FEB	98.9	99.3		1.5		99.84
MAR	98.4	99.4		1.6		98.82
APR	104.4	99.4		1.7		104.64
MAY	105.0	99.4		1.7		106.94
JUN	101.8	99.5		1.8		102.56
JUL	107.7	99.7		1.7		106.54
AUG	59.1	99.9		1.6		60.13
SEP	109.6	100.3		1.3		105.96
OCT	116.4	100.6		1.0		116.01
NOV	109.3	100.7		0.5		108.72
DEC	92.4	100.7		-0.1		89.74
1992 JAN	99.8	101.3		-0.7		100.51
FEB	102.3	101.2		-1.4		100.38
MAR	105.7	100.9		-2.2		105.86
APR	98.9	100.6		-2.9		98.13
MAY	102.8	100.2		-3.6		101.54
JUN	106.4	99.9		-4.3		106.47
JUL	107.0	99.4		-4.9		109.39
AUG	59.7	98.9		-5.5		59.61
SEP	104.2	98.2		-5.9		109.69
OCT	106.5	97.3		-6.3		108.88
NOV	107.5	96.4		-6.6		110.52
DEC	88.6	95.5		-6.7		93.50
1993 JAN	89.6	94.6	-4.7	-6.7	-3.1	95.32
FEB	93.1	93.9	-5.5	-6.6	-3.7	99.20
MAR	101.5	93.5	-5.6	-6.4	-4.0	108.22
APR	91.6	93.3	-5.8	-6.2	-4.4	98.46
MAY	97.4	93.1	-5.4	-5.9	-4.4	103.99
JUN	99.6	92.8	-5.2	-5.7	-4.6	107.52

EQUIMENTS GOODS I.P.I.

	Original Series	Trend	Underlying Growth		Inertia Medium-term growth expectations	Seasonal Factor	
			Estimated value in t for date t	Present estimated for the whole sample			
1991	JAN	97.8	96.1		-10.6	97.63	
	FEB	89.7	93.8		-10.2	98.12	
	MAR	84.1	92.2		-9.5	92.83	
	APR	97.2	91.2		-8.5	106.42	
	MAY	100.7	91.0		-7.4	111.52	
	JUN	108.3	91.3		-6.4	106.34	
	JUL	104.9	91.7		-5.4	114.80	
	AUG	26.4	91.9		-4.4	27.09	
	SEP	95.5	91.7		-3.5	104.43	
	OCT	113.7	91.5		-2.7	123.52	
	NOV	102.3	91.3		-1.8	112.20	
	DEC	95.5	91.3		-1.1	104.18	
1992	JAN	86.5	92.3		-0.5	95.94	
	FEB	94.9	92.7		-0.4	101.83	
	MAR	97.7	93.0		-0.7	104.95	
	APR	92.1	93.0		-1.2	97.25	
	MAY	95.3	92.8		-2.0	102.80	
	JUN	97.8	92.2		-2.9	110.43	
	JUL	106.3	91.5		-3.7	117.65	
	AUG	30.0	90.9		-4.4	26.77	
	SEP	97.3	90.4		-5.1	108.15	
	OCT	104.3	90.3		-5.6	114.56	
	NOV	102.5	90.2		-6.2	114.66	
	DEC	90.5	90.1		-6.9	111.61	
1993	JAN	80.7	89.7	-5.1	-7.5	-4.5	89.51
	FEB	89.7	88.8	-2.6	-8.0	-2.9	99.28
	MAR	96.1	87.6	-3.1	-8.5	-3.3	108.63
	APR	81.6	86.2	-6.9	-8.7	-6.1	96.53
	MAY	91.8	84.9	-7.2	-8.8	-6.1	107.38
	JUN	89.8	83.8	-8.9	-8.7	-7.2	109.50

INTERMEDIATE GOODS I.P.I.

	Original Series	Trend	Underlying Growth		Inertia Medium-term growth expectations whole sample	Seasonal Factor
			Estimated value in t for date t	Present estimated for the		
1991 JAN	106.0	99.9			-1.4	105.22
FEB	101.6	99.6			-1.3	101.53
MAR	98.9	99.2			-1.2	100.23
APR	102.1	99.0			-1.0	104.02
MAY	104.4	98.9			-0.8	106.32
JUN	101.7	99.0			-0.6	101.72
JUL	102.1	99.1			-0.6	102.65
AUG	66.7	99.3			-0.6	67.28
SEP	99.4	99.3			-0.6	100.05
OCT	107.2	99.2			-0.8	108.61
NOV	104.2	99.1			-1.0	104.76
DEC	96.7	99.1			-1.2	97.13
1992 JAN	103.7	99.6			-1.5	105.06
FEB	101.8	99.6			-1.9	102.47
MAR	105.8	99.4			-2.4	105.76
APR	99.4	99.1			-2.9	99.34
MAY	100.7	98.7			-3.4	102.47
JUN	99.9	98.3			-3.9	103.91
JUL	101.4	97.9			-4.3	104.73
AUG	65.9	97.3			-4.7	67.00
SEP	99.8	96.8			-4.9	102.47
OCT	102.3	96.1			-5.1	104.95
NOV	99.7	95.4			-5.2	105.40
DEC	90.1	94.6			-5.3	99.02
1993 JAN	95.1	94.1	-6.2	-5.2	-3.4	101.37
FEB	95.3	93.7	-5.1	-5.1	-3.0	101.43
MAR	100.8	93.5	-4.9	-4.8	-3.1	107.76
APR	92.6	93.3	-5.0	-4.6	-3.3	99.54
MAY	97.4	93.1	-3.3	-4.4	-2.9	103.82
JUN	96.5	92.8	-3.7	-4.2	-3.1	104.45

EMPLOYMENT

	Original Series	Trend	Underlying Growth		Inertia	Seasonal Factor
			Estimated value in t for date t	Present estimated for the whole sample		
1990 I	12481.9	12515.1		2.6		99.56
II	12556.5	12564.9		1.8		99.90
III	12656.9	12594.0		1.2		100.52
IV	12619.8	12619.4		0.8		100.02
1991 I	12579.6	12636.9		0.2		99.51
II	12622.1	12632.2		-0.2		99.95
III	12677.0	12603.8		-0.7		100.55
IV	12558.9	12562.3		-1.2		100.00
1992 I	12449.0	12517.8		-1.9		99.48
II	12457.7	12457.9		-2.8		99.97
III	12412.4	12334.2		-3.7		100.57
IV	12145.9	12152.9		-4.4		99.99
1993 I	11881.7	11976.7	-5.6	-4.5	-1.9	99.45
II	11867.6	11837.5	-4.0	-4.0	-0.9	99.98

NON AGRARIAN EMPLOYMENT

	Original Series	Trend	Underlying Growth		Inertia	Seasonal Factor
			Estimated value in t for date t	Present estimated for the whole sample		
1990 I	10907.3	10976.0		4.1		99.32
II	11058.1	11062.5		3.4		99.98
III	11208.6	11131.9		2.7		100.72
IV	11199.3	11197.2		2.1		100.01
1991 I	11159.0	11235.8		1.5		99.27
II	11246.4	11256.2		0.9		99.99
III	11367.6	11278.3		0.4		100.77
IV	11284.3	11281.0		-0.3		99.99
1992 I	11145.5	11250.6		-1.3		99.22
II	11200.8	11197.4		-2.4		100.01
III	11192.2	11089.2		-3.5		100.80
IV	10915.6	10925.6		-4.4		99.98
1993 I	10661.5	10771.3	-5.4	-4.6	-2.5	99.18
II	10656.0	10644.3	-4.4	-4.4	-1.6	100.03

CONSTRUCTION EMPLOYMENT

	Original Series	Trend	Underlying Growth		Inertia	Seasonal Factor
			Estimated	Present		
			value in t for date t	estimated for the whole sample		
1990 I	1117.5	1135.8		7.6		98.65
II	1156.1	1157.3		7.4		99.52
III	1185.1	1170.6		6.1		101.35
IV	1187.7	1186.9		5.5		100.38
1991 I	1198.1	1209.1		4.3		98.76
II	1214.3	1219.5		1.6		99.64
III	1228.6	1215.3		-0.9		101.18
IV	1207.4	1201.4		-3.6		100.31
1992 I	1151.2	1177.6		-6.1		98.9
II	1157.3	1150.4		-6.8		99.7
III	1137.8	1126.7		-8.0		101.04
IV	1108.3	1104.7		-8.5		100.32
1993 I	1069.8	1079.9	-6.1	-8.6	-4.7	98.97
II	1047.5	1050.9	-9.1	-9.1	-7.3	99.73

INDUSTRIAL EMPLOYMENT

	Original Series	Trend	Underlying Growth		Inertia	Seasonal Factor
			Estimated	Present		
			value in t for date t	estimated for the whole sample		
1990 I	2981.4	2971.5		2.8		99.87
II	2991.0	2983.1		1.4		100.27
III	2979.1	2977.2		0.2		100.02
IV	2960.9	2968.9		-0.6		99.87
1991 I	2899.8	2900.2		-3.0		99.77
II	2894.7	2889.3		-3.1		100.32
III	2885.9	2883.7		-3.1		100.09
IV	2880.1	2882.0		-3.6		99.86
1992 I	2859.8	2872.2		-3.0		99.67
II	2859.3	2846.6		-5.0		100.36
III	2796.8	2791.0		-7.4		100.13
IV	2700.8	2704.7		-9.4		99.88
1993 I	2583.2	2616.2	-12.1	-10.5	-8.7	99.57
II	2556.9	2540.6	-10.2	-10.2	-6.6	100.41

SERVICES EMPLOYMENT

	Original Series	Trend	Underlying Growth		Inertia	Seasonal Factor
			Estimated value in t for date t	Present estimated for the whole sample		
1990 I	6751.8	6796.8		4.3		99.38
II	6852.5	6852.9		4.5		99.95
III	6984.4	6939.3		5.2		100.75
IV	6990.5	6990.5		4.9		99.97
1991 I	7000.4	7044.4		4.3		99.30
II	7075.9	7088.6		3.1		99.94
III	7190.9	7124.4		1.7		100.83
IV	7135.7	7138.4		1.0		99.97
1992 I	7076.2	7134.3		0.2		99.24
II	7125.6	7129.8		-0.5		99.92
III	7200.0	7106.0		-1.1		100.90
IV	7050.4	7057.6		-1.6		99.97
1993 I	6954.3	7017.3	-1.7	-1.5	0.1	99.19
II	6998.5	7002.7	-1.1	-1.1	0.2	99.90

AGRARIAN EMPLOYMENT

	Original Series	Trend	Underlying Growth		Inertia	Seasonal Factor
			Estimated value in t for date t	Present estimated for the whole sample		
1990 I	1574.6	1561.1		-7.9		100.74
II	1498.4	1506.1		-9.6		99.68
III	1448.3	1456.1		-10.0		99.33
IV	1420.5	1425.0		-9.8		100.02
1991 I	1420.6	1404.5		-9.4		100.89
II	1375.7	1372.2		-9.1		100.05
III	1309.4	1326.4		-9.2		98.98
IV	1274.6	1291.5		-8.5		99.97
1992 I	1303.5	1271.4		-6.9		100.94
II	1256.9	1252.5		-6.4		100.25
III	1220.2	1238.1		-5.1		98.84
IV	1230.3	1225.6		-4.0		99.97
1993 I	1220.2	1214.0	-7.0	-4.1	-7.2	100.88
II	1211.6	1206.4	-3.2	-3.2	-5.1	100.32

NON AGRARIAN UNEMPLOYMENT

	Original Series	Trend	Underlying Growth		Inertia	Seasonal Factor
			Estimated value in t for date t	Present estimated for the whole sample		
1990 I	2318.7	2266.3		-4.0		102.21
II	2227.7	2251.8		-3.4		98.99
III	2188.4	2231.1		-2.6		98.01
IV	2228.0	2208.6		-1.0		100.84
1991 I	2231.8	2200.5		1.2		102.22
II	2203.7	2230.2		4.8		98.94
III	2267.8	2286.6		8.2		97.88
IV	2366.7	2343.6		10.7		100.95
1992 I	2461.1	2409.7		14.5		102.27
II	2482.4	2505.1		18.5		98.95
III	2577.5	2644.8		22.4		97.71
IV	2860.7	2828.2		26.1		101.05
1993 I	3102.4	3028.5	27.6	27.5	23.3	102.36
II	3183.9	3220.5	27.2	27.2	23.2	98.92

CONSUMER PRICES INDEX

	Original Series	Underlying Growth				Inertia	
		Estimated value in t for date t		Present estimated for the whole sample			Medium-term growth expectations
		With VAT	Without VAT	With VAT	Without VAT		
1991	JAN	93.11		6.7	6.7		
	FEB	92.93		6.2	6.2		
	MAR	93.19		6.2	6.2		
	APR	93.38		6.4	6.4		
	MAY	93.63		6.5	6.5		
	JUN	93.90		6.5	6.5		
	JUL	95.12		6.5	6.5		
	AUG	95.47		6.3	6.3		
	SEP	96.26		5.9	5.9		
	OCT	96.86		5.6	5.6		
	NOV	96.98		5.7	5.7		
	DEC	97.00		5.6	5.6		
1992	JAN	98.59		5.6	5.1		
	FEB	99.23		5.8	5.2		
	MAR	99.57		5.7	5.1		
	APR	99.45		5.6	4.9		
	MAY	99.70		5.5	4.9		
	JUN	99.67		5.4	4.7		
	JUL	99.99		5.2	4.6		
	AUG	100.93		5.5	4.7		
	SEP	101.75		5.6	4.6		
	OCT	101.81		5.6	4.7		
	NOV	101.86		5.7	4.8		
	DEC	102.17		5.8	4.9		
1993	JAN	103.20	5.8	5.3	5.3	4.7	4.8
	FEB	103.23	5.2	4.8	5.1	4.7	4.9
	MAR	103.59	5.3	4.9	5.2	4.8	4.9
	APR	104.05	5.4	5.0	5.3	4.9	4.8
	MAY	104.45	5.5	5.1	5.3	4.9	4.8
	JUN	104.86	5.6	5.2	5.4	5.0	4.9
	JUL	105.30	5.4	5.0	5.4	5.0	4.8

NON ENERGY CONSUMER PRICES INDEX

	Original Series	Underlying Growth				Inertia Medium-term growth expectations	
		Estimated value in t for date t		Present estimated for the whole sample			
		With VAT	Without VAT	With VAT	Without VAT		
1991	JAN	93.02			6.1	6.1	
	FEB	92.84			5.8	5.8	
	MAR	93.22			5.9	5.9	
	APR	93.40			6.0	6.0	
	MAY	93.67			6.1	6.1	
	JUN	93.94			6.2	6.2	
	JUL	95.20			6.2	6.2	
	AUG	95.59			6.2	6.2	
	SEP	96.44			6.1	6.1	
	OCT	97.08			6.1	6.1	
	NOV	97.16			6.0	6.0	
	DEC	97.25			5.9	5.9	
1992	JAN	98.68			5.7	5.2	
	FEB	99.30			5.9	5.3	
	MAR	99.67			5.7	5.1	
	APR	99.51			5.5	4.9	
	MAY	99.71			5.4	4.7	
	JUN	99.66			5.2	4.6	
	JUL	100.00			5.2	4.5	
	AUG	100.96			5.4	4.5	
	SEP	101.86			5.5	4.5	
	OCT	101.81			5.4	4.5	
	NOV	101.79			5.5	4.5	
	DEC	102.10			5.5	4.5	
1993	JAN	103.13	5.7	5.1	5.2	4.5	4.8
	FEB	103.15	5.2	4.7	5.0	4.6	4.8
	MAR	103.48	5.2	4.8	5.1	4.7	4.8
	APR	103.96	5.3	4.9	5.2	4.8	4.7
	MAY	104.36	5.4	5.0	5.2	4.8	4.7
	JUN	104.72	5.5	5.1	5.3	4.8	4.7
	JUL	105.16	5.3	4.8	5.3	4.8	4.6

SERVICES AND NON ENERGY PROCESSED GOODS C.P.1.

	Original Series	Underlying Growth				Inertia Medium-term growth expectations	
		Estimated value in t for date t		Present estimated for the whole sample			
		With VAT	Without VAT	With VAT	Without VAT		
1991	JAN	91.21		6.8	6.8		
	FEB	91.85		6.3	6.3		
	MAR	92.29		6.4	6.4		
	APR	92.78		6.4	6.4		
	MAY	93.10		6.4	6.4		
	JUN	93.40		6.5	6.5		
	JUL	93.66		6.5	6.5		
	AUG	93.88		6.6	6.6		
	SEP	94.30		6.6	6.6		
	OCT	94.84		6.7	6.7		
	NOV	95.45		6.8	6.8		
	DEC	95.81		6.8	6.8		
1992	JAN	96.98		6.7	6.1		
	FEB	97.92		6.8	6.1		
	MAR	98.45		6.8	6.0		
	APR	98.99		6.7	6.0		
	MAY	99.28		6.7	5.9		
	JUN	99.56		6.6	5.8		
	JUL	99.85		6.6	5.8		
	AUG	100.28		6.8	5.8		
	SEP	100.93		6.9	5.7		
	OCT	101.44		6.8	5.7		
	NOV	102.04		6.8	5.6		
	DEC	102.28		6.7	5.6		
1993	JAN	103.19	6.6	5.9	6.2	5.5	5.4
	FEB	103.77	6.2	5.7	6.0	5.5	5.5
	MAR	104.22	6.2	5.7	6.0	5.5	5.5
	APR	104.80	6.3	5.8	6.0	5.5	5.5
	MAY	105.11	6.2	5.7	6.0	5.5	5.4
	JUN	105.51	6.3	5.8	6.0	5.5	5.5
	JUL	105.81	6.0	5.5	6.0	5.5	5.3

PROCESSED FOODS C.P.I.

	Original Series	Underlying Growth				Inertia Medium-term growth expectations	
		Estimated value in t for date t		Present estimated for the whole sample			
		With VAT	Without VAT	With VAT	Without VAT		
1991	JAN	92.09			3.6	3.6	
	FEB	92.83			3.7	3.7	
	MAR	93.11			3.9	3.9	
	APR	93.40			4.0	4.0	
	MAY	93.63			4.1	4.1	
	JUN	93.91			4.1	4.1	
	JUL	94.12			4.2	4.2	
	AUG	94.29			4.3	4.3	
	SEP	94.56			4.3	4.3	
	OCT	95.00			4.4	4.4	
	NOV	95.47			4.5	4.5	
	DEC	95.95			4.5	4.5	
1992	JAN	97.61			5.7	4.5	
	FEB	98.29			5.6	4.4	
	MAR	98.73			5.5	4.3	
	APR	99.11			5.4	4.2	
	MAY	99.24			5.2	4.0	
	JUN	99.38			5.1	3.9	
	JUL	99.50			4.9	3.7	
	AUG	100.16			5.3	3.6	
	SEP	100.46			5.2	3.5	
	OCT	100.67			5.1	3.4	
	NOV	101.05			5.0	3.3	
	DEC	101.36			5.0	3.2	
1993	JAN	102.67	5.9	4.8	4.3	3.2	4.6
	FEB	103.06	5.7	4.5	4.3	3.1	4.8
	MAR	103.07	5.2	4.0	4.2	3.0	4.6
	APR	103.21	4.9	3.7	4.2	3.0	4.1
	MAY	103.21	5.0	3.8	4.2	3.0	4.1
	JUN	103.31	4.3	3.1	4.3	3.1	3.9
	JUL	103.57	4.3	3.1	4.3	3.1	3.9

Non-Processed Foods C.P.I.

	Original Series	Underlying Growth		Inertia	
		Estimated value in t for date t	Present estimated for the whole sample	Medium-term growth expectations	
1991	JAN	102.52		3.4	
	FEB	98.15		3.4	
	MAR	98.27		4.0	
	APR	96.91		4.5	
	MAY	96.91		4.8	
	JUN	96.99		4.9	
	JUL	103.27		4.8	
	AUG	104.56		4.2	
	SEP	107.57		3.8	
	OCT	108.69		3.2	
	NOV	106.14		2.4	
	DEC	104.81		1.6	
1992	JAN	107.22		1.1	
	FEB	106.10		0.4	
	MAR	105.63		-0.9	
	APR	101.99		-2.0	
	MAY	101.73		-2.7	
	JUN	99.99		-3.4	
	JUL	100.57		-3.9	
	AUG	104.13		-3.9	
	SEP	106.30		-4.1	
	OCT	103.46		-4.2	
	NOV	100.43		-3.9	
	DEC	101.09		-3.5	
1993	JAN	102.63	0.2	-3.2	0.3
	FEB	98.80	-1.6	-2.9	-0.5
	MAR	98.33	-1.5	-2.4	-0.7
	APR	98.08	-0.9	-1.9	-0.7
	MAY	98.09	0.0	-1.7	-0.5
	JUN	96.90	-0.9	-1.6	-0.9
	JUL	97.76	-1.4	-1.4	-1.2

NON ENERGY MANUFACTURED GOODS C.P.I.

	Original Series	Underlying Growth				Inertia Medium-term growth expectations	
		Estimated value in t for date t		Present estimated for the whole sample			
		With VAT	Without VAT	With VAT	Without VAT		
1991	JAN	92.82		4.9	4.9		
	FEB	93.20		4.9	4.9		
	MAR	93.73		4.9	4.9		
	APR	94.19		4.9	4.9		
	MAY	94.52		4.8	4.8		
	JUN	94.80		4.8	4.8		
	JUL	94.96		4.8	4.8		
	AUG	95.22		4.8	4.8		
	SEP	95.70		4.8	4.8		
	OCT	96.31		4.8	4.8		
	NOV	96.90		4.8	4.8		
	DEC	96.95		4.8	4.8		
1992	JAN	96.84		4.6	4.9		
	FEB	97.40		4.7	5.0		
	MAR	97.79		4.7	5.1		
	APR	98.48		4.8	5.2		
	MAY	98.73		4.9	5.2		
	JUN	99.00		4.9	5.2		
	JUL	99.17		4.9	5.3		
	AUG	99.37		5.3	5.3		
	SEP	100.09		5.4	5.4		
	OCT	100.77		5.4	5.4		
	NOV	101.60		5.4	5.4		
	DEC	101.90		5.3	5.4		
1993	JAN	102.58	6.5	6.2	5.6	5.3	4.4
	FEB	102.91	6.1	5.8	5.5	5.2	4.6
	MAR	103.27	6.1	5.8	5.4	5.1	4.5
	APR	103.75	5.6	5.2	5.3	5.0	4.0
	MAY	103.92	5.2	4.9	5.2	4.9	3.6
	JUN	104.34	5.5	5.2	5.1	4.8	3.8
	JUL	104.51	5.0	4.7	5.0	4.7	3.8

SERVICES PRICES INDEX

	Original Series	Underlying Growth				Inertia Medium-term growth expectations	
		Estimated value in t for date t		Present estimated for the whole sample			
		With VAT	Without VAT	With VAT	Without VAT		
1991	JAN	89.36		9.8	9.8		
	FEB	90.17		8.8	8.8		
	MAR	90.61		8.8	8.8		
	APR	91.22		8.9	8.9		
	MAY	91.58		8.9	8.9		
	JUN	91.93		9.0	9.0		
	JUL	92.29		9.0	9.0		
	AUG	92.50		9.1	9.1		
	SEP	92.94		9.2	9.2		
	OCT	93.49		9.3	9.3		
	NOV	94.17		9.4	9.4		
	DEC	94.75		9.5	9.5		
1992	JAN	96.77		8.8	8.5		
	FEB	98.18		8.8	8.5		
	MAR	98.89		8.7	8.3		
	APR	99.38		8.5	8.2		
	MAY	99.79		8.4	8.1		
	JUN	100.15		8.3	8.0		
	JUL	100.62		8.3	7.9		
	AUG	101.13		8.6	7.8		
	SEP	101.91		8.5	7.8		
	OCT	102.42		8.4	7.7		
	NOV	102.93		8.3	7.6		
	DEC	103.10		8.2	7.5		
1993	JAN	103.99	6.9	6.1	7.3	7.0	6.6
	FEB	104.88	6.4	6.2	7.4	7.0	6.7
	MAR	105.64	6.8	6.6	7.5	7.1	6.9
	APR	106.54	7.5	7.3	7.6	7.2	7.4
	MAY	107.13	7.8	7.5	7.6	7.3	7.6
	JUN	107.67	8.0	7.7	7.7	7.3	7.7
	JUL	108.10	7.7	7.3	7.7	7.3	7.4

IMPORTS

	Original Series	Trend	Underlying Growth		Inertia Medium-term growth expectations	Seasonal Factor	
			Estimated value in t for date t	Present estimated for the whole sample			
1991	JAN	812241.1	775585.4		12.6	93.88	
	FEB	725424.6	777944.2		14.0	96.36	
	MAR	742633.8	747329.1		10.1	100.42	
	APR	920138.3	755087.3		11.4	113.23	
	MAY	806516.9	765061.3		12.5	109.14	
	JUN	807691.7	777599.1		13.3	103.74	
	JUL	863601.8	791257.7		13.7	106.56	
	AUG	576986.0	804440.9		13.7	71.28	
	SEP	770979.9	816577.6		13.3	94.42	
	OCT	933007.0	828666.3		7.2	110.20	
	NOV	900110.6	840348.5		6.2	105.13	
	DEC	812817.1	850728.6		5.0	96.83	
1992	JAN	789385.6	859325.1		3.5	92.05	
	FEB	827158.9	864976.9		1.9	95.23	
	MAR	943772.0	868103.3		5.0	108.44	
	APR	886586.1	869841.1		3.3	106.95	
	MAY	888857.2	869800.8		1.7	102.55	
	JUN	888691.4	867087.7		0.2	114.76	
	JUL	922173.3	861912.2		-1.1	107.58	
	AUG	597905.0	855697.5		-2.2	65.59	
	SEP	817121.8	848004.0		-3.0	98.04	
	OCT	924711.5	839103.9		-3.6	109.55	
	NOV	835612.5	831002.5		-3.9	101.40	
	DEC	883038.4	826147.5		-3.9	100.96	
1993	JAN	707997.8	824915.6	-1.1	-3.7	1.4	85.65
	FEB	774414.9	825822.6	-3.3	-3.5	0.0	95.19
	MAR	923533.1	827151.4	-2.4	-3.1	0.1	111.29
	APR	916632.7	827363.1	-2.1	-2.8	-0.1	110.79
	MAY	914518.8	826326.2	1.4	-2.4	2.1	102.52
	JUN	903508.3	824270.2	-0.1	-2.0	0.8	111.77
	JUL	874359.2	821945.3	-1.7	-1.7	-0.9	108.15

NON ENERGY IMPORTS

	Original Series	Trend	Underlying Growth		Inertia Medium-term growth expectations	Seasonal Factor	
			Estimated value in t for date t	Present estimated for the whole sample			
1991	JAN	681914.9	664984.9		8.3	93.88	
	FEB	636399.4	667777.5		9.5	96.36	
	MAR	672374.3	672564.8		10.8	100.42	
	APR	826461.4	679842.9		12.1	113.23	
	MAY	734712.5	688836.0		13.1	109.14	
	JUN	733318.1	700073.1		13.9	103.74	
	JUL	778909.4	712337.5		14.3	106.56	
	AUG	501601.7	724169.5		14.3	71.28	
	SEP	690830.1	735172.2		13.8	94.42	
	OCT	827334.4	746423.0		13.0	110.20	
	NOV	813666.1	757622.0		11.8	105.13	
	DEC	727813.3	767832.7		10.4	96.83	
1992	JAN	706324.9	776480.1		8.7	92.05	
	FEB	759333.5	782278.0		6.8	95.23	
	MAR	864992.4	785539.6		4.9	108.44	
	APR	822695.4	787381.7		3.0	106.95	
	MAY	805478.4	787403.5		1.2	102.55	
	JUN	801103.3	784601.9		-0.5	114.76	
	JUL	836710.8	779089.6		-2.0	107.58	
	AUG	512460.2	772301.7		-3.2	65.59	
	SEP	745928.9	763809.3		-4.2	98.04	
	OCT	824224.4	753972.8		-4.8	109.55	
	NOV	745811.6	744819.1		-5.1	101.40	
	DEC	755735.8	738809.6		-5.2	100.96	
1993	JAN	629569.7	736416.2	-1.2	-4.9	1.9	85.65
	FEB	686286.6	736230.6	-3.6	-4.6	0.1	95.19
	MAR	830001.5	736679.5	-2.9	-4.2	0.3	111.29
	APR	820296.5	736358.6	-2.6	-3.7	0.0	110.79
	MAY	829211.9	735187.1	1.4	-3.2	2.4	102.52
	JUN	817225.5	733371.5	-0.2	-2.6	1.0	111.77
	JUL	773966.8	731526.5	-2.1	-2.1	-0.7	108.15

EXPORTS

	Original Series	Trend	Underlying Growth		Inertia Medium-term growth expectations	Seasonal Factor
			Estimated value in t for date t	Present estimated for the whole sample		
1991	JAN	488762.4	519040.2		11.3	96.75
	FEB	522630.3	518780.5		10.2	98.63
	MAR	511300.6	517869.1		9.3	101.48
	APR	573305.7	516660.1		8.6	110.99
	MAY	523272.2	507390.4		6.2	110.42
	JUN	518517.2	507809.9		5.8	101.22
	JUL	518824.8	509183.1		5.5	102.31
	AUG	322310.0	511790.3		5.4	61.28
	SEP	469822.1	515938.1		5.4	92.54
	OCT	612751.7	520655.4		3.6	103.43
	NOV	609980.8	525310.4		3.9	107.31
	DEC	554191.9	528760.1		4.4	106.66
1992	JAN	470858.9	523497.0		3.5	94.67
	FEB	588721.9	524702.8		4.3	104.37
	MAR	574327.1	525353.5		5.3	114.69
	APR	543921.1	526274.2		6.5	103.91
	MAY	555438.9	528307.7		9.7	105.03
	JUN	573967.7	531595.0		11.2	107.18
	JUL	554187.1	536435.7		12.6	105.09
	AUG	313511.3	542526.7		13.9	57.40
	SEP	532935.9	549288.3		15.0	93.95
	OCT	654482.8	557025.4		16.0	99.65
	NOV	611849.9	566521.4		16.9	109.21
	DEC	631464.6	578942.2		17.6	108.73
1993	JAN	521933.9	594057.9	9.2	19.7	8.7 88.78
	FEB	610179.5	610865.1	10.1	19.7	9.0 99.94
	MAR	709730.2	627620.2	11.6	19.2	9.6 112.95
	APR	695531.2	641601.6	13.5	18.2	10.3 107.63
	MAY	682584.5	650697.6	15.0	16.8	11.0 102.91
	JUN	685772.3	655205.4	14.5	15.4	11.2 106.86
	JUL	676925.4	657079.7	14.0	14.0	11.5 101.81

NON ENERGY EXPORTS

	Original Series	Trend	Underlying Growth		Inertia Medium-term growth expectations	Seasonal Factor
			Estimated value in t for date t	Present estimated for the whole sample		
1991	JAN	460714.2	491162.6		9.9	96.75
	FEB	491094.1	491230.0		8.8	98.63
	MAR	489004.6	490522.5		7.7	101.48
	APR	548790.1	489373.4		6.9	110.99
	MAY	505251.9	488552.1		6.2	110.42
	JUN	501391.3	488804.0		5.7	101.22
	JUL	498556.2	489893.4		5.3	102.31
	AUG	297111.3	492104.2		5.1	61.28
	SEP	453237.6	495774.2		5.0	92.54
	OCT	584385.1	499966.3		5.1	103.43
	NOV	582892.9	504082.7		5.4	107.31
	DEC	535939.4	507033.5		5.8	106.66
1992	JAN	460610.0	508967.3		6.4	94.67
	FEB	571542.9	510006.4		7.3	104.37
	MAR	559502.4	510570.6		8.3	114.69
	APR	530966.4	511456.8		9.6	103.91
	MAY	540366.9	513478.8		11.1	105.03
	JUN	559249.1	516767.3		12.6	107.18
	JUL	537565.6	521582.6		14.0	105.09
	AUG	300130.8	527598.8		15.3	57.40
	SEP	519599.4	534204.7		16.5	93.95
	OCT	637271.6	541680.1		17.5	99.65
	NOV	594541.9	550795.5		18.4	109.21
	DEC	606178.0	562700.8		19.1	108.73
1993	JAN	507123.0	577195.1	9.3	19.5	8.8 88.78
	FEB	591665.1	593355.1	10.1	19.5	9.1 99.94
	MAR	696223.1	609506.5	11.8	19.1	9.8 112.95
	APR	675872.4	622974.9	13.6	18.1	10.4 107.63
	MAY	658187.1	631686.3	15.1	16.9	11.1 102.91
	JUN	669320.1	635941.5	14.7	15.5	11.3 106.86
	JUL	654024.2	637707.6	14.2	14.2	11.6 101.81

**REPORT ON THE PERFORMANCE OF PUBLIC
ADMINISTRATIONS**

Laura de Pablos

Summary of the Report on the Performance of Public Administrations^(*)

The purpose of this report is to shed more light on the activities of our Public Administration by reviewing their recent developments, current situation and future prospects. The data used were provided by the I.G.A.E. (General Supervision of State Administration).

The report begins with an initial section on the methodology used, which we consider very useful and which is aimed at clarifying the following three points: definition and content of the deficit items which are usually discussed; the concept and requirements for the different types of budgetary modifications to be applied; and finally, the problems which arise when certain specific expenses are entered and, consequently, the deficit figure for 1992. Of course, the Budgets at present do not show all the transactions carried out by the different bodies of Public Administration. On the contrary, many are not controlled by the budget and are outside it. Precisely this type of operation leads to accounting problems. If to this we add the big differences between Administrative Accounts and National Accounts, which make numerous adjustments necessary, it is very difficult to know where the figures which later appear in the National Accounts come from. The almost 20 pages devoted by the I.G.A.E., in the "Balance of the Economic and Financial Performance of the Public Administrations in 1992", to explaining the adjustments carried out in the calculation of the 1992 deficit, reflect the aforementioned differences. The second section of the report includes the development and position at the end of 1992 of the Public Administrations' main economic indicators, first overall and later item by item. The third section makes special mention of the State as it plays a leading role within the Public Administrations. Here data is provided on the progress of the implementation of the budgets during 1992 and 1993. There is a section at the end with the conclusions and two statistical appendices that offer more detailed information about the main figures contained in the report.

(*) The full report, "Informe sobre la actuación de las administraciones públicas", is available in Spanish upon request to the Cátedra Argentina de la Universidad Carlos III de Madrid.

The main results of this report are summarized below.

The progress of the main economic indicators of the Public Administrations during the 1985-1992 period show the following features:

- The development of the public deficit over the last fifteen years shows quite different trends. There was a clear upward tendency from 1979 to 1985, with the deficit going from 2% of the GDP in the first year to 6.9% in the last year. However, as of that year, a steady reduction took place until in 1989 the deficit amounted to 2.8% of the GDP. In the nineties there is once more an upward trend with the deficit amounting to 3.92%, 4.99% and 4.47% of the GDP in 1990, 1991 and 1992, respectively.
- The Public Administrations' resources show steady growth throughout the entire period. Tax pressure has also increased. To be precise, up to 1989 this index grew by no less than 81.55%. In particular, one of the most significant increases was recorded in 1989. Tax pressure increased again in 1992 even though some of our taxes are being affected by the recession.
- The expenditure also rose significantly and steadily throughout the whole period under review. Although the increase was relatively greater during the economic boom (1985-1989), growth was fairly homogeneous throughout the whole period. The burden of public debt appears as one of the most rigid components of public expenditure. This item accounted for around 3.5% of GDP from 1985 to 1990. In 1991 and 1992 it amounted to over 4%, being almost equivalent to the public deficit. Another traditionally significant item of expenditure is the cost of restructuring the public enterprises sector, particularly the INI. Gross fixed capital formation increased steadily from 1986 to 1990. Thereafter, this trend was inverted and there was a considerable drop in 1992. This was the reason for the drop in 1992 of State income for financing new infrastructures.
- On the other hand, of the total deficit of the Public Administrations, (which in 1992 amounted to 2,621.6 thousand million pesetas) the State is responsible for 54.07% and the Autonomous Communities 23.63%. The relative worsening undergone by the Social Security is to be noted. The State also exercises the greatest fiscal pressure in this country. It is followed by Social Security, the Municipalities and, lastly, the Autonomous Communities. Resources and expenditure follow the same order. With regard to the balance to be financed, the State is again mainly responsible, but in this case either the Autonomous Communities or the Municipalities come second, depending on the year under review.

Regarding **the indebtedness of Public Administrations**, it remained stable, and even went down in percentage terms relative to the GDP during most of the period studied. However, in 1992 this amounted to 47.3% of the GDP, which was a 13.74% increase relative to the previous year.

The internal make-up of the debt at the end of 1992 was as follows:

- Short-term securities
- Negotiable domestic debt
- Domestic credit
- Non-negotiable securities
- Foreign credit
- Funds from the Bank of Spain
- Assumed debt
- Currency issues

Within this make-up, short-term securities have shown a steady reduction since 1990, which led to an increase in the relative weight of the medium- and long-term debt. Both non-negotiable debt and domestic negotiable debt grew substantially in 1992. However, the relative importance of the use of funds from the Bank of Spain to finance public debt has dropped over the past few years.

Among the different public bodies, the one most responsible for incurring public debt is the State. However, it must be said that over the past few years its relative weight has decreased. This decrease was neutralised by the increases (which were practically three times its nominal value) in Autonomous Communities, Municipalities and Social Security.

The chief features of the changes undergone by the State's main accounting figures during the four quarters of 1992 and the first six months of 1993 are as follows:

- During the period from June 1992 to June 1993 the non-financial cash deficit rose by 46.32%. Although non-financial income grew, the amount collected through indirect taxes dropped by 7.4%. Direct tax growth was very slight, amounting to just 2%. It can rightly be said that the State's non-financial income applied to the budget is suffering the effects of the recession and that it has not developed favourably during 1993. Non-financial payments rose far more sharply, by about 14%, of which expenditure for goods and services (10.2%) and financial expenses (93.9%) were most worthy of note. The need for borrowing also increased sharply,

by 62.29%, since the variation in financial assets basically included debts incurred by the State. For example, the State took on INI's net debt, amounting to 106,612 million pesetas.

- The need for financing or the deficit recorded in the National Accounts amounted to 2,710.3 thousand million pesetas in June 1993, while on the same date of the previous year it amounted to 2,113.2 thousand million pesetas, or a 28.25% rise. Moreover, it is very possible that this increase may become more marked during the course of the year, given that there was a much higher deficit in June 1992 (according to National Accounts) than for the other quarters, and this year is not expected to be very favourable. In this connection, something should be stressed that was already mentioned in this report and which has now been substantiated by the figures, i.e., the unreliability of the Budget as a control tool. This is because of the marked differences between the deficit data contained in the Administrative Accounts and those of the National Accounts.

- Regarding the degree of implementation of the State General Budget, during 1992, this was about 90%. This is relatively better if only non-financial transactions are borne in mind. There were very major budget changes in financial operations. In fact, the budget changes throughout the period were even higher than the initial budget. This does not say much in favour of the budgeting for this type of transaction. In order to monitor the observance of the limitation on specific budget modifications laid down in the State Budget laws as of 1990, the percentages of the extraordinary and supplementary credits relative to initial credits were checked. In 1990, this percentage was 0.57%; in 1991 it was 0.81%; and in 1992 it was 3.29%. In fact, other types of budget changes are used which are not within the limit, such as credit enlargements and credit incorporations. However, and in connection with non-financial transactions, we do not think that the problem of control of public expenditure is this. We maintain once more in this report that it is the unreliability of the budget as an instrument of control that can lead to problems.

- In the implementation of the 1992 Budget, most worthy of note is the income section. It is necessary to clearly differentiate between what happens to income derived from financial transactions from what happens to that derived from non-financial transactions. The proceeds from the former do not meet either the forecasts, or acknowledged receivables. The proceeds from indirect and direct taxation fall far short of the forecasts. Only income from assets exceeds the initial estimates.

- In 1993 the income situation is again of interest. By the end of June, 68.5% of the amount budgeted had been collected. The problems arose in

connection with tax collection which was far from meeting expectations. This was only true with regard to direct taxation (only 31.9% of the amount foreseen was collected, and only after the income and wealth tax campaign), and to indirect taxation, although with regard to the latter the situation was slightly better (36% of the amount forecast was collected). A note must be added here which heightens our pessimism, and that is that there are difficulties in collecting the acknowledged receivables, which hampers a possible improvement in tax collection. In short, the effects of the recession were seen in a very significant form over the past few months (1992-1993), in the potential collection of our taxes.

In the light of these results and of the expectations based on the implementation up to now of the General State Budget for 1993, we can only express pessimism in respect of meeting the requirements for convergence with regard to the public deficit.

LOS TIPOS DE INTERES DEL MERCADO INTERBANCARIO EN 1993

J. Ignacio Peña

Cátedra ARGENTARIA

Septiembre 1993

1.- Introduccion

No puede decirse que el mercado interbancario haya tenido una evolución tranquila durante el presente año de 1993. Han sido varios los factores que han ocasionado la aparición de episodios altamente volátiles, aunque la tendencia a la baja de los tipos de interés se haya ido afirmando según avanzaba el año.

Alguno de los factores que han ocasionado esos episodios podrían ser los siguientes. En primer lugar, las expectativas de nuevas devaluaciones de la peseta, que finalmente se concretaron en la devaluación del 14 Mayo. En segundo lugar, las dificultades que a lo largo de todo el año experimentó el mecanismo del Sistema Monetario Europeo (SME), que llevó a la adopción de las bandas de fluctuación del 15% a partir del 2 de Agosto. Todo ello agravado por los factores domésticos de incertidumbre generada a causa de la convocatoria de elecciones anticipadas y la formación de un gobierno minoritario.

2.- La evolución de los tipos

En el Gráfico 1 se aprecia la evolución diaria de los tipos de interés día a día por un lado y la de los tipos a seis meses. Puede verse como la tendencia global es de descenso, desde niveles del 15-16% hasta los actuales valores del 9-10%. Esta disminución ha afectado a todos los plazos y es de una magnitud

digna de ser reseñada. Pude verse como en los tipos a seis meses, esta disminución ha sido continuada y persistente, lo cual sugiere que no pueden descartarse nuevos descensos en los plazos más cortos en fechas próximas.

Los tipos a un día (y en general a corto plazo) han seguido la misma tendencia, pero interrumpida en tres ocasiones por una serie de episodios caracterizados por una elevada volatilidad y alteraciones muy significativas de los tipos, que llegaron a alcanzar valores cercanos al 18%.

3.- Los episodios turbulentos

Podemos considerar tres episodios de especial relevancia durante los meses de Febrero, Mayo y Julio. En el primero de ellos, se produjeron fuertes subidas de los tipos debido a las expectativas de una próxima devaluación de la peseta, que no se concretó en ese momento. Las medidas de control monetario del Banco de España (BE) ocasionaron tensiones en los mercados, cuya consecuencia fue el ya mencionado aumento de los tipos.

El segundo episodio se desarrolló en Mayo, durante el cual los ataques contra la peseta y el mantenimiento de altos tipos de intervención por parte del BE llevaron a un máximo de 17.56% en el tipo a un día, en la víspera de la devaluación. Sin embargo, una vez producida esta, el BE bajó su tipo de intervención desde el 15% al 12% en menos de una semana, lo cual ocasionó una bajada

general de los tipos a todos los plazos, que sólo se vio alterada por la crisis del SME.

Esta crisis fue el núcleo del tercer episodio que tuvo lugar en Julio y fue de corta duración, pero de elevada intensidad. El 22 de Julio los tipos a un día aumentaron 6 puntos, desde al 11.67% del día anterior al 17.67%, pero no se registro modificación de los tipos de intervención que siguieron en el 10.05%. Este hecho junto con la rápida solución de la crisis, con las nuevas bandas del 15% hizo que en pocas semanas todos los tipos regresaran a su tendencia descendente, que mantienen en la actualidad.

4.- La evolución de la curva tipo-plazo

La curva tipo-plazo para varios meses seleccionados se muestra en el Gráfico 2. Es interesante destacar no sólo el continuo descenso del nivel de la misma desde fines de 1992, sino también los cambios de pendiente que ha ido experimentando. Así en 12/92 el mercado esperaba tipos crecientes hasta un mes, pero a partir de entonces, se apostaba por una bajada a dos y seis meses. En 3/93 el perfil es similar, pero con menor pendiente en los tramos a muy corto plazo aunque similar en los de medio plazo. Este patrón, estabilidad a muy corto plazo (día, semana) y descenso en plazos superiores al mes se aprecia cada vez con más claridad en 6/93 y 9/93 sugiriendo que los agentes confían en que la política de disminución de los tipos de interes va a ser mantenida en los próximos meses.

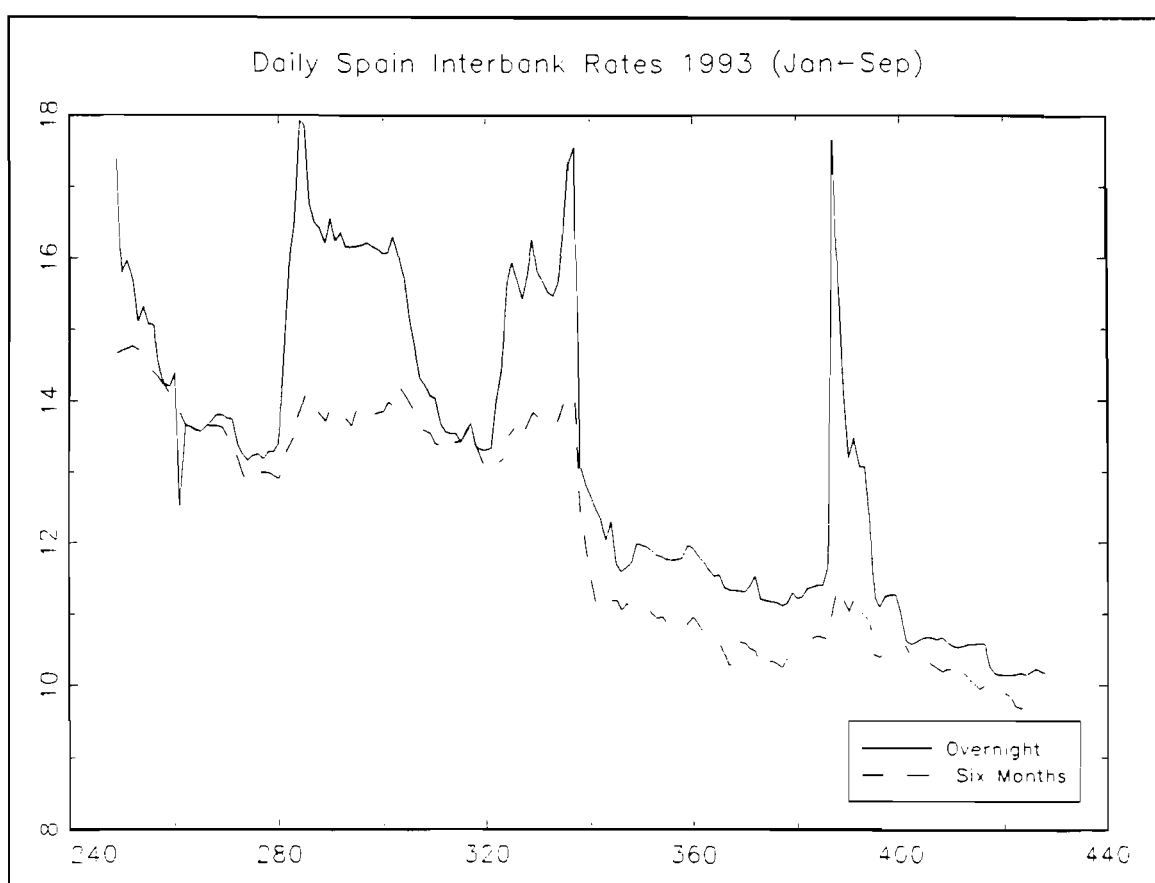


Gráfico 1

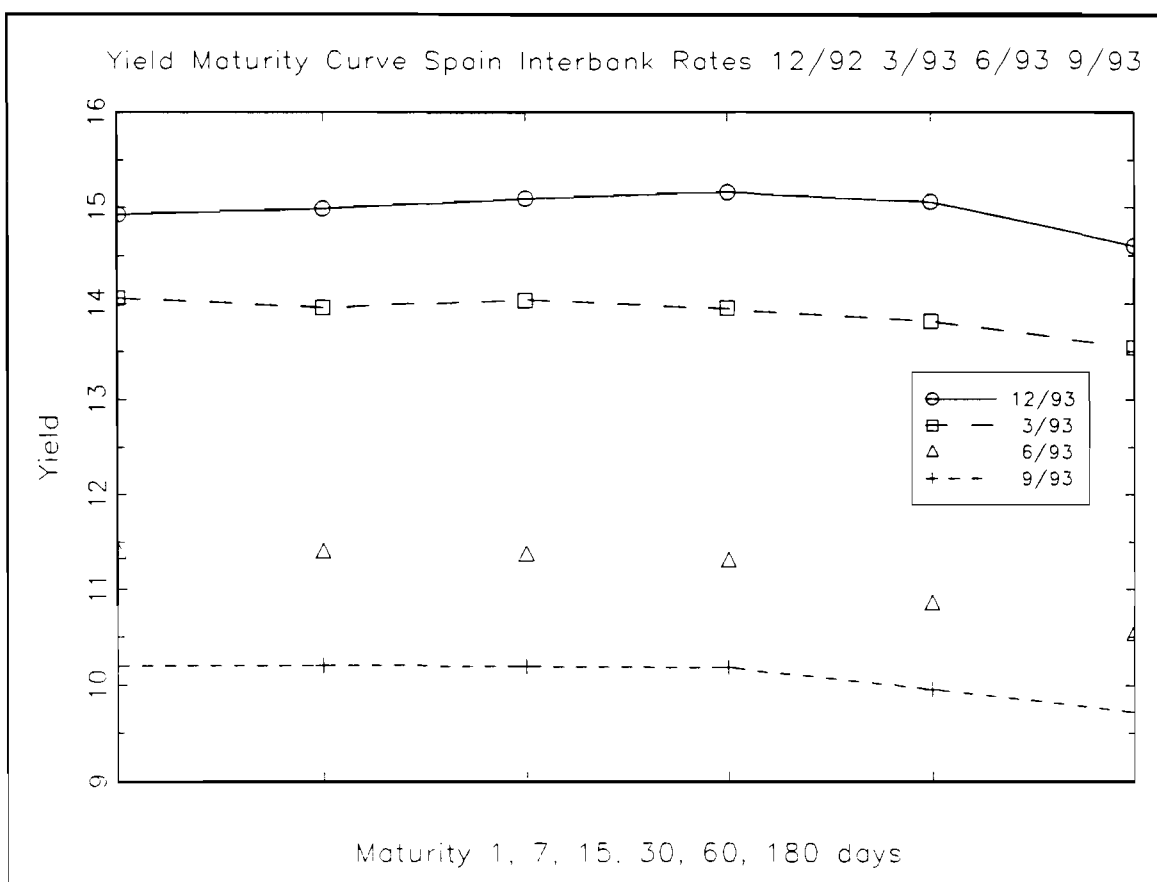


Gráfico 2